

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

**PREPARED BY:
Rock Hill School District Three
Finance Department**

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

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ROCK HILL, SOUTH CAROLINA**

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Introductory Section

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ROCK HILL SCHOOL DISTRICT THREE
 ADMINISTRATIVE CHART
 FY 2014 – 2015

Board of Trustees

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

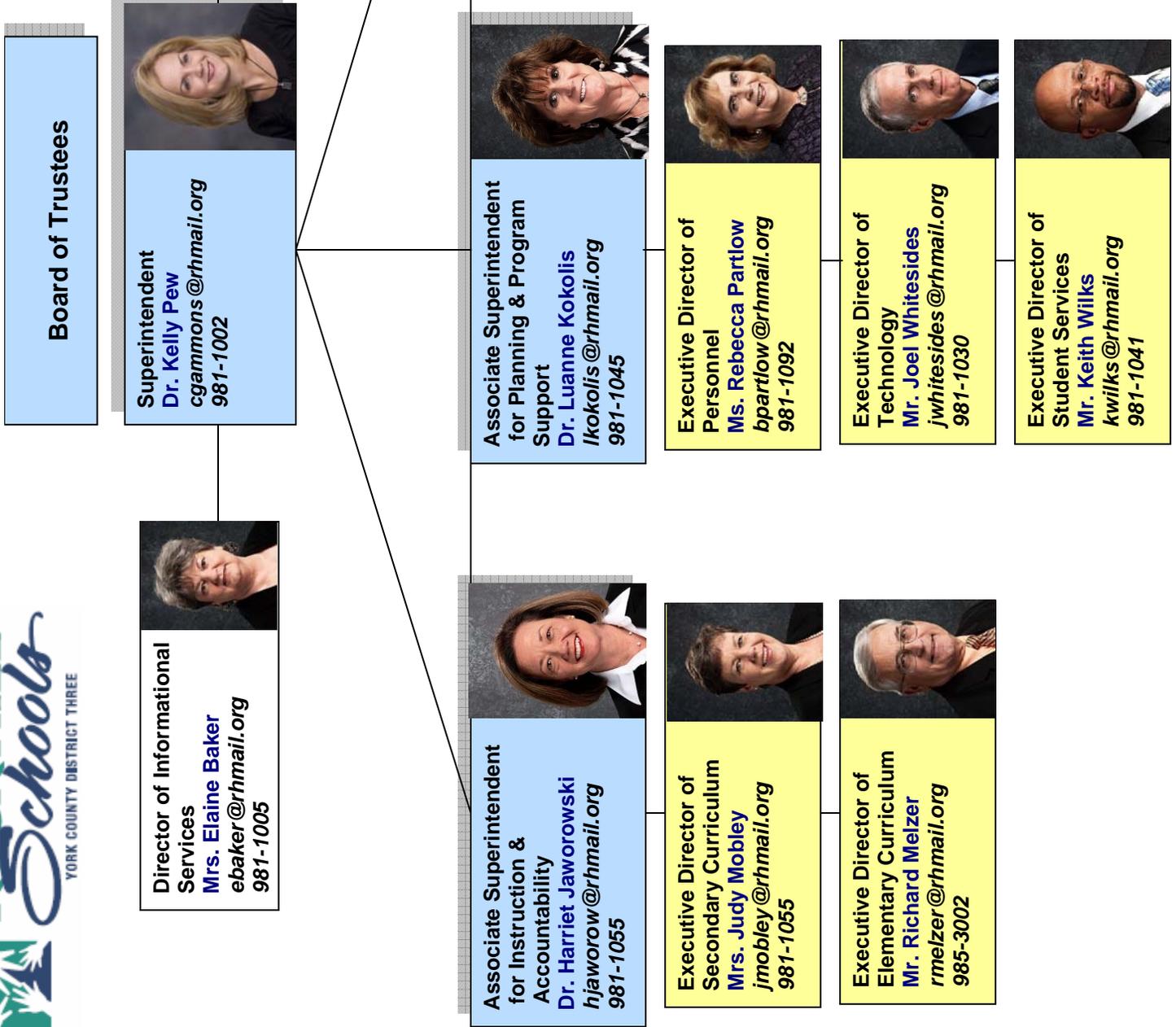
<u>Name</u>	<u>Occupation</u>	<u>Number of Years of Service</u>
Mr. Walter Brown, Sr.	Volunteer	14
Mrs. Mildred Douglas	Retired Educator	14
Mr. Terry Hutchinson	Master Automotive Technician	3
Ms. Elizabeth “Ann” Reid	College Instructor	14
Dr. Jane Sharp	Retired Educator	5
Helena Miller	Community Volunteer	1
Mr. Jim Vining (Chair)	Management Consultant	16

District Personnel

<u>Name</u>	<u>Position</u>
Dr. Kelly Pew	Superintendent
Mr. Anthony Cox	Associate Superintendent for Administrative Services
Dr. Harriet Jaworowski	Associate Superintendent for Accountability and Instructional Services
Dr. Luanne Kokolis	Associate Superintendent for Planning Program Support Services
Ms. Elaine Bilton	Executive Director of Finance



District Organization Chart





November 23, 2015

To the Citizens of
Rock Hill School District Three

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Rock Hill School District Three (the School District) for the fiscal year ended June 30, 2015. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District.

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

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

PROFILE OF THE SCHOOL DISTRICT

The School District was created in March 1953, through the merger of four former school districts. The School District encompasses a land area of 228 square miles, or almost one third of the land area of York County (the County), which is on the border between North Carolina and South Carolina, just south of Charlotte, North Carolina. It is the 11th largest of 83 school districts in the state. The School District includes within its boundaries the entire City of Rock Hill, the fifth largest city in the State, as well as considerable surrounding territory.

The School District currently operates 17 elementary schools (16 with grades K-5, one school with grades K-6), a four year old child development center, five middle schools (grades 6-8), and three senior high schools (grades 9-12) to serve 17,500 students. The School District also has a vocational center, an adult education center, and an alternative center. The District currently has six schools of choice and three magnet schools ; The Children's School - Montessori, Northside Elementary - Arts Integration, Sunset Park Elementary - Center for Accelerated Studies, Rosewood Elementary - International Baccalaureate, Richmond Drive Elementary - World Languages, Ebinport Elementary - World Languages, Oakdale Elementary - STEM, Sullivan Middle - International Baccalaureate and Saluda Trail - STEAM. All three secondary schools offer International Baccalaureate programs. All schools in the School District and the School District itself are accredited by the South Carolina Department of Education and the School District is fully accredited by AdvanceED.

REPORTING ENTITY

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

ECONOMIC CONDITION AND OUTLOOK

Rock Hill School District Three is located in York County, with the entire city of Rock Hill being encompassed by the School District. Rock Hill is located in the north-central area of South Carolina approximately 20 miles south of Charlotte, NC along the I-77 corridor. Rock Hill is a growing community of 69,000 + residents. The City encompasses over 31 square miles. While not the County seat, Rock Hill is the largest city in York County, SC, the fourth largest city in South Carolina and premier "Ring City" in the Charlotte Metropolitan Statistical Area (MSA).

The diversity and strength of the business community continually supports growth even during challenging economic times. With three high-amenity business parks, Waterford, TechPark and Antrim, and three industrial parks, Southway Industrial Park, Airport Industrial Park and Rock Hill Industrial Park, Rock Hill offers sites and existing facilities to numerous businesses. The City's close proximity to both I-77, which runs through Rock Hill, and I-85 gives businesses easy access to major transportation routes. Charlotte/Douglas International Airport is 25 minutes north of Rock Hill via I-77. The airport serves more than 43 million passengers annually and has recently made the list as one of the top 10 airports in the US. It is a hub for American Airlines (merged with US Airways), has eight major carriers, and averages 550 flights daily with direct non-stop service to more than 160 destinations. Rock Hill was selected by *Business Week* magazine as one of the "best places in America to raise a family" and is a three-time award winner of America's Promise Alliance "100 Best Communities for Young People". Rock Hill has been chosen as a "showcase city" by the National League of Cities, which cited the planned Riverwalk development and its world-class cycling center.

Rock Hill is home to three colleges: Winthrop University – a public co-ed four-year college, Clinton Junior College – a two-year institution and York Technical College – a two-year community college. According to the U.S Census Bureau, York County's population grew by more than 37% between 2000 and 2010 solidifying its place among the nation's fastest growing counties. However, the growth rate slowed a bit, down from 4.8% in 2008 to an average annual growth rate between 1990 and 2010 of 2.7%. The city of Rock Hill is now beginning to show growth with a population in 2010 of 66,00+ and of 69,000+ in 2013. Rock Hill's economy was once dominated by the textile industry, but with the restructuring of that industry and the change in economy the city is transitioning to retail and manufacturing economy and has been working to attract national and global companies. The School District, the largest of four school districts within the County, is located in the southeastern portion of the County about 25 miles south of Charlotte. This area contains eight major commercial centers.

1. Celanese Road Corridor – Celanese Road is one of Rock Hill's newest and fastest growing business corridors. Transformed in 2000 from a congested two-lane commuter route into a modern, seven-lane thoroughfare, it is now experiencing a responsible business boom. From the I-77 interchange to India Hook road, new shopping centers, medical offices and restaurants have sprouted up to serve nearby neighborhoods and residents. Many banks and other financial services firms are located here including TD Bank, Citizens South Bank and Wells Fargo Bank and Provident Bank have chosen the Celanese Road corridor due to its proximity to many high net-worth households. More than 30,000 cars per day fuel a great demand for retail, restaurants and consumer services.
2. Cherry Road Corridor – Rock Hill's original commercial corridor from the 1960's and 70's has undergone a dramatic transformation. Public improvements and renewed private investments have re-established Cherry road as a strong and growing business center. Lodging and restaurants predominate near I-77. National retail chains, including Home Depot, Petsmart, Kmart and Office Depot, anchor major shopping centers while neighborhood retailers include four major grocery stores. Yet the strength of this corridor's business community is in its numerous small, locally owned businesses that have chosen a Cherry Road address.

3. College Town Action Plan – Bringing that quintessential “college town” atmosphere to Rock Hill with its interesting mix of coffee houses, live music venues, bookstores, pizzerias, bike shops, artists’ studios, and ethnic restaurants, these establishments add a spark of vitality to the city and encourage commerce and diversity while encouraging new business growth.
4. Dave Lyle Boulevard corridor – The City of Rock Hill has as strong history of creating and implementing innovative economic development strategies through public and private initiatives. The Dave Lyle Corridor and the surrounding areas are poised to benefit from the continued application of this successful economic development momentum. The potential for reinvestment and growth in this area of Rock Hill remains very strong and can clearly offer unique opportunities for new growth. Nationally known retail stores and restaurants line the boulevard offering multiple outlets for shopping and dining while hotels and a world-class soccer complex offer quality options for recreation and fun.
5. Medical Corridor – It is only fitting that a city like Rock Hill with world-class amenities and infrastructure would boast of an equally capable healthcare system that is state of the art, reliable and accessible. Piedmont Medical Center’s more than 380 active, courtesy and consulting physicians, 1,400 full and part-time employees and 200 volunteers offer their services while bringing medical care that is increasingly comprehensive, accessible and cost effective to the citizens of York, Chester and the surrounding area.
6. Old Town/Downtown – Old town, the beloved term used to identify the historically significant areas of downtown Rock Hill, is a surprisingly competitive and advantageous place for business and growth. Professional and personal services, back office operations, retail shops, restaurants and other business all prosper in Old Town. The community resides with a strategic location due to its historic architecture and substantial traffic from citizens and tourists alike. Downtown revitalization continues to be a priority for the City of Rock Hill and the Rock Hill Economic Development Corporation. Knowledge Park is the dynamic center of Rock Hill’s new economy. Technologically advanced, yet rooted in the city’s rich history, Knowledge Park is supported by a diverse community of learners and offers an appealing urban lifestyle built upon a model of economic and environmental sustainability. The focus of this plan is the development of a Downtown area with a unique blend of residential, retail restaurants and office space that embodies the concepts of smart-growth, neotraditional design and new urbanism,
7. Riverwalk – Riverwalk is a multi-phased mixed-use community village that boasts an unparalleled collection of amenities, including the 3-mile riverfront walk that is part of the greater Carolina Thread Trail system and the Cycling and Outdoor Center of the Carolinas. Idyllically spanning the peaceful banks of the Catawba River, this planned 1,000+ acre village is a natural extension of the historic and revitalized City of Rock Hill. As part of the master plan, the Riverwalk vision includes a YMCA and athletic fields, a Town Center, River District, Professional office space and residential facilities. Also completed within this community is a Velodrome, the East Coasts only bicycle racing track. The development of Riverwalk expects to produce over \$600 million in private investment, increase property taxes by \$4 million annually and increase jobs.
8. Textile Corridor – the City of Rock Hill has designated the former industrial mill area lying between the Winthrop University campus and historic downtown as the Textile Corridor. Approximately 250 acres in size, this area was formerly characterized by abandoned textile mill property, formerly the Rock Hill Printing and Finishing company (locally known as “The Bleachery”) is approximately 24 acres in size and is currently under demolition. Another mill, the Rock Hill Cotton Factory, lying in the southern end of the corridor adjacent to downtown, is the oldest textile mill in the City. Also included are private business, and a portion of the beautiful Winthrop University Campus. In 2003, a community-wide collaborative Textile Corridor Master Plan was developed and adopted by City Council setting a vision for redevelopment as pedestrian friendly, mixed-use urban village. Since that time the historic restoration of the 100,000 square foot Rock Hill Cotton factory in 2007 represented the first major step towards the redevelopment vision. The effort to further revitalize and develop the Textile Corridor continues today.

MAJOR INITIATIVES

The School District is currently operating under its strategic plan for the years 2015-2019. The strategic plan includes a mission statement and motto and serves as the basis for school improvement and accountability. It also includes the School District's beliefs, strategic directions, and system priorities. Every school uses the School District's strategic plan to involve parents, teachers, principals and community in the development, annual review, and revision of each school's plan and activities.

Motto & Mission

“Engaging Students for Successful Futures”

The Rock Hill School District's mission is to engage all students in meaningful and profound learning in order to prepare them for successful futures. The overarching goal is to provide an environment where students learn, grow, connect and thrive. The process by which this is accomplished is through the school improvement planning process. All initiatives, programs and decisions are driven by review of student performance data, school climate survey results and AdvancED self-assessment of standard indicators.

District goals recommended by the Superintendent and approved by the School Board reflect:

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

Primary Accomplishments for FY 2014-2015 were as follows:

The citizens of Rock Hill approved a school facility improvement and renovations referendum in the amount of \$110,000,000 at a passage rate of 88 percent.

Energy Star recognized Rock Hill Schools in a select group of school districts across the country for having five schools in one year certified as Energy Star schools. (The district had six.)

The S.C. chapter of the National School Public Relations Association cited the district's publications *Points of Pride* and *Community Report* as among the state's best.

Saluda Trail Middle School was selected as one of 14 schools as a National Exemplar School for Innovation by the Partnership for 21st Century Skills. The school received a \$50,000 grant from the Active Learning Center Program for the installation of an active learning classroom. Of 545 applications, only 12 grants were awarded in the U.S. and Canada and only five of the 12 grants were awarded to K-12 schools.

College scholarships for the members of the class of 2015 totaled \$28,341,832. This amount includes academics, athletics and the arts.

Helen Coats (Northwestern High) received a Blumey award for serving as a critic for the Charlotte Observer for her coverage of high school musicals performed in the Charlotte metropolitan area.

The Air Force Junior ROTC Units at Northwestern High and Rock Hill High received overall unit assessment scores of “Exceeds Standards,” the highest ratings attainable.

SPiN (South Pointe in the News) Wired was selected as the state's Best Online Media by the SC Scholastic Press Association.

Business Professionals of America teams received top awards in state competition at the BPA state leadership conference. Northwestern High received seven first-place awards and Rock Hill High, eight.

Joshua Dantzler (South Pointe High) tied for first place in the "It Can Wait" texting and driving essay and video contests sponsored by the S.C. Press Association.

In National History Day competition at the state level, Joshua Dantzler (South Pointe High) was cited for submitting the Outstanding Entry on History of Arts and Entertainment, and Eleanor Mixon (Northwestern High) won the James F. Byrnes Award for Outstanding Entry on American Political History.

Sean Miller (Oakdale Elementary) was selected as one of 16 state winners out of 900+ entries in the S.C. economics Contest.

Justin Norwood (South Pointe High) received the prestigious Blumey award from the Blumenthal Performing Arts Center in Charlotte for Best Leading Actor in a High School Musical.

Nick Oxendine (Rock Hill High) was selected for first chair in contra bass clarinet in the S.C. All-State Band. The Rock Hill High School Concert Choir placed first in the S.C. Choral Festival. Thirty students were selected for All-State Choruses.

Bands from Rock Hill High, Northwestern High and Rawlinson Road Middle School earned the prestigious S.C. Band Directors Association Outstanding Performance in instrumental music education.

The South Pointe Stallions became the 2014 3A state football champions.

Rock Hill High wrestling team won the state championship

State golf championship team is the South Pointe High golf team.

Dupree Hart (Northwestern High) was selected as the S.C. 4A Baseball Player of the Year, the WSOC-TV Big 22 Football Player of the Year, Mr. Football by the S.C. High School Football Coaches Association and Mr. Baseball by high School Sports Report. He was also named to the S.C., 4A All-State Football First Team.

Kori Wancheck (Northwestern High) was named the S.C. 4A Softball Player of the Year.

Quanterious Caldwell (Northwestern High) won the SC High Jump championship.

Ricky Blackman (South Pointe High) won the S.C. Wrestling Championship in the 182 lb. division.

Jackson Bagwell (Rock Hill High) won the S.C. Swimming Championship in the backstroke.

Brenda Campbell (Saluda Trail Middle) was selected as the Middle Level Principal of the Year by the S.C. Association of School Administrators.

Stephanie Daniels (Rock Hill High) received the Outstanding Theatre Educator award from the S.C. Theatre Association.

Jeannie Durham (Rawlinson Road Middle) was selected District Teacher of the Year for Rock Hill Schools and later as one of five finalists for the S. C. Teacher of the Year.

Kyle Richardson (Northwestern High) was selected as the 2014 S.C. High School football Coach of the Year for South and North Carolina by the Carolina Panthers and as the 2015 S.C. Region III-4A Football Coach of the Year.

Calvin Hudgins (Northwestern High) was selected as the 2014 Boys' and Girls' Cross Country and Track Coach of the Year by the U.S. Track and Field and Cross Country Coaches Association.

Jane Page (Dutchman Creek Middle) was selected as the 2014-2015 Middle/Junior High Coach of the Year by the Board of Directors of the S.C. Athletic Coaches Association.

Becky Partlow (District Office) was selected as the Personnel Administrator of the Year by the S. C. Association of School Administrators.

Kevin Wrenn (District Office) was the recipient of the 2015 Safe Schools Leadership Award.

FINANCIAL INFORMATION

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

Budgetary Control

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

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

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

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

Financial Condition

Property tax revenues continue to grow, increasing \$2 million from the prior year as the area in and around Rock Hill continues to develop. The State increased funding to the District in the form of an increase in Base Student Cost from \$2101 for 2013-2014 to \$2,220 in 2014-2015. State aide increased by \$4.2 million or 5% due largely to the increase in Base Student Cost as well as an increase in student population. Although student population was stagnant in 2013-2014, the Average Daily Membership increased by 216 to 17,195. Actual revenues were more than expenditures by \$ 1.8 million for the fiscal year. Tax revenues were larger than expected as well as state funding due a larger than expected increase in exceptional student funding. The 2015-2016 Budget included a step increase for teachers as well as all other employees who are not at the maximum salary level. While the district reduced some grade-level instructional staff by seven teaching positions to a staffing standard level, it also added a security technician, translation services, two ESOL positions and support staff for exceptional student services as well as additional staff in technology in the form of contracted services. While there are ever-rising energy costs, the District continues to maintain a focus on energy and other program conservation for cost savings. With an overwhelming approval of a \$110 Million Bond Referendum, the district embarked on a dynamic capital program which includes the continuance of its one-to-one computing initiative in grades 4-8 and has begun planning for additional devices for grade 2 and grades 9-12 to be implemented in 2015-2016. Remodeling and improvement to all schools will also occur over the next 5 years with a possible addition of an elementary school.

The unassigned fund balance in the general fund at year end was \$24,381,212 (does not include nonspendable amount of \$591,736). The administration continues to analyze the projected a fund balance and continues to support the need to maintain at least the 17% minimum fund balance currently designated by the Board's policy. The South Carolina General Assembly passed Act 388 in June 2006, which eliminates all school operating taxes on owner-occupied homes and replaced it with a potentially less stable funding source of an additional 1 percent general sales tax. The targeted fund balance will allow the School District not only to maintain its ability to handle any major shortfalls due to an economic decline but also to handle the increase in operating costs should the need arise for new facilities in the future.

The School District still feels a positive fund balance is sound financial management. A positive fund balance serves several purposes. The first is to ensure that the instructional process is not interrupted by unforeseen budgetary constraints such as state cuts or default of a tax payment by a major industry. Secondly, the School District is able to reduce short term borrowing by having cash available in the later months of the year.

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

Cash Management

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

The School District uses several entities for investment of funds. Primarily is through participation in the South Carolina Local Government Investment Pool operated by the Office of the State Treasurer. Funds held by the County Treasurer's office are sent to the SGLIP. The School District has access to all funds in the State Pool within 24 hours. The School District also has an additional account at the State Pool whereby funds from the South Carolina Department of Education are deposited into the County Treasurer's account and immediately transferred into the School District's account.

Another investment tool is through treasury management services provided by Wells Fargo. The School District maintains several accounts with the bank and all excess funds are swept into an overnight investment account. General fund interest earned was \$74,453 compared to \$89,046 in the prior year. The School District has structured its banking contract for maximum earnings potential and the contract still provides the School District with a lower fee structure based on minimum average monthly deposits.

Risk Management

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

OTHER INFORMATION

Financial Reporting and Independent Audit

The financial report for the fiscal year ended June 30, 2015 has been prepared under the financial reporting model required by GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The financial statements include government-wide financial statements as well as fund financial statements, which present information for individual major funds. As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion is included in the front of the financial section of the report and provides an assessment of the School District's finances for FY 2015 and the outlook for the future.

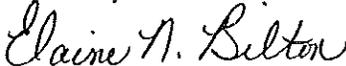
State statutes require an annual audit by an independent certified public accountant. The accounting firm of Greene Finney & Horton, LLC was selected by the Board of Trustees to perform this audit. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the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

Acknowledgments

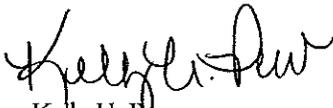
The successful completion of this CAFR would not have been possible without the commitment and hard work of many people. The entire staff of the Division of Financial Services has continued to maintain an exemplary level of performance without which this report would not be able to be completed. We would also like to thank the Administrative Services Division, Instruction Division and Division of Planning and Program Support for their contributions in time and information. We would like to thank our audit firm Greene Finney & Horton, LLC for their professional services in auditing the information contained within this document and their invaluable assistance with the compiling and printing of this financial report.

The management would also like to thank the Rock Hill School District Three Board of Trustees for their continued support and leadership. Without their help, we would not be able to maintain the exceptional staff needed to assure such a high level of competency.

Respectfully Submitted,



Elaine N. Bilton
Chief Finance Officer



Kelly U. Pew
Superintendent



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 business-type 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, 2015, 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 \$439,351, (\$13,038), and \$588,995, 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 business-type 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof 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, in the year ended June 30, 2015 the District adopted the provisions of Governmental Accounting Standards Board Statement No. 68 “*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*” and Governmental Accounting Standards Board Statement No. 71 “*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*”. Our opinion is not modified with respect to these matters.

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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 introductory section, supplementary information, statistical section, and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, all of which can be located 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 by us and the other auditor. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditor, 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.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015 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 23, 2015

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2015

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, 2015. 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 transmittal letter, 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 2014-2015 are as follows:

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year yielding net position (deficit) of approximately (\$9.0 million). Of this amount, approximately (\$137.2 million) was unrestricted net position (deficit).
- The District's total net position increased by approximately \$6.5 million compared to an approximately \$1.6 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 \$47.4 million, an increase of approximately \$5.3 million from the prior year, which is attributable primarily to an increase in revenues.
- At the end of the current fiscal year, total fund balance for the General Fund was approximately \$25.0 million, which is 18% percent of total General Fund expenditures. Approximately \$24.4 million is unassigned.
- The fund balance for the General Fund increased by approximately \$1.9 million, as revenues and other financing sources of approximately \$137.3 million exceeded expenditures and other financing uses of approximately \$135.4 million.
- The District's total capital assets decreased by approximately \$7.7 million (3%) during the current fiscal year, as depreciation expense and net disposals of approximately \$9.1 million exceeded net additions of approximately \$1.4 million.
- The District's total outstanding indebtedness decreased by approximately \$9.7 million (7%) during the current fiscal year, due to principal payments and defeasements of approximately \$74.2 million, partially offset by new borrowings of approximately \$64.5 million.
- The District implemented Governmental Accounting Standard Boards ("GASB") Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" ("GASB #68") and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68" ("GASB #71" and collectively "Statements") in 2015. These Statements require the District to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for their participation in the South Carolina Retirement System, a cost-sharing multiple-employer defined benefit pension plan, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the Statement of Net Position) and presents more extensive note disclosures.

The adoption of these Statements had no impact on the District's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority who administers the Plans. However, the adoption has resulted in the restatement of the District's net position as of July 1, 2014 for its government-wide and enterprise fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the District's government-wide and enterprise fund financial statements as of July 1, 2014 was decreased by approximately \$172,053,000 and \$1,948,000, respectively, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.A in the notes to the financial statements for more information regarding the District's retirement plans.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2015

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 and liabilities, with the difference between the two 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.

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). The District's activities are divided into two categories in the government-wide statements:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Local, state, and federal funds finance most of these activities.
- **Business-type activities:** The District charges fees to help cover the cost of certain services that it provides. Included within this activity is the food service program.

The government-wide financial statements include not only the District itself (known as the primary government), but also its discretely presented component unit, 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 three categories: governmental funds, proprietary 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. Most 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.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 five 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 and Capital Projects 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.

Proprietary Fund

The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its food service operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the food service activities; this fund is considered a major fund of the District. The proprietary 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.

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 combining statements and individual fund financial schedules are included in the supplementary section. The District adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with the budget.

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

MANAGEMENT’S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Major Features of the District’s Government-Wide and Fund Financial Statements				
	Government-Wide Financial Statements	Fund Financial Statements		
Scope	Entire District (except fiduciary funds) and the discretely presented component unit.	The activities of the District that are not proprietary or fiduciary.	Activities the District operates similar to private businesses; in the District’s case, the food service operations.	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"> ▪ Statement of net position. ▪ Statement of activities. 	<ul style="list-style-type: none"> ▪ Balance sheet. ▪ Statement of revenues, expenditures, and changes in fund balances. 	<ul style="list-style-type: none"> ▪ Statement of net position. ▪ Statement of revenues, expenses, and changes in net position. ▪ Statement of cash flows. 	<ul style="list-style-type: none"> ▪ Statement of fiduciary net position.
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.	Accrual accounting and economic resources focus.
Type of balance sheet information	All assets and deferred inflows of resources and liabilities and deferred outflows of resources, both financial and capital, and short-term and long-term.	Only assets and deferred outflows of resources (if any) that are expected to be used and liabilities and deferred inflows of resources (if any) that come due during the year or soon, thereafter. No capital assets or long-term debt are included.	All balance sheet types, both financial and capital, and short-term and long-term.	All balance sheet types, 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.	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, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately (\$9.0 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 for the current and prior fiscal year:

	Net Position					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015 *</u>	<u>2014</u>	<u>2015 *</u>	<u>2014</u>	<u>2015 *</u>	<u>2014</u>
Assets						
Current and Other Assets	\$ 71,857,092	65,542,186	3,599,596	3,348,213	75,456,688	\$ 68,890,399
Capital Assets, Net	238,611,725	246,208,760	867,375	987,277	239,479,100	247,196,037
Total Assets	310,468,817	311,750,946	4,466,971	4,335,490	314,935,788	316,086,436
Deferred Outflows of Resources						
Deferred Pension Charges	15,084,449	-	170,724	-	15,255,173	-
Liabilities						
Other Liabilities	17,530,936	17,562,539	-	-	17,530,936	17,562,539
Long Term Liabilities	304,785,123	139,975,490	1,975,729	-	306,760,852	139,975,490
Total Liabilities	322,316,059	157,538,029	1,975,729	-	324,291,788	157,538,029
Deferred Inflows of Resources						
Deferred Pension Credits	14,714,609	-	166,568	-	14,881,177	-
Net Position						
Net Investment in						
Capital Assets	109,864,338	106,712,350	867,375	987,277	110,731,713	107,699,627
Restricted	17,544,498	13,658,075	-	-	17,544,498	13,658,075
Unrestricted	(138,886,238)	33,842,492	1,628,023	3,348,213	(137,258,215)	37,190,705
Total Net Position	\$ (11,477,402)	154,212,917	2,495,398	4,335,490	(8,982,004)	\$ 158,548,407

* - The District implemented GASB #68/71 in FY 2015.

The District's current and other assets at June 30, 2015 increased by approximately \$6.6 million from the prior year, primarily due to an increase in revenues. The District's capital assets at June 30, 2015 decreased by approximately \$7.7 million from the prior year due to depreciation expense of approximately \$8.9 million, partially offset by additions of approximately \$1.4 million, less disposals of approximately \$0.2 million. The District's total liabilities at June 30, 2015 increased by approximately \$166.8 million from the prior year primarily due to implementing GASB #68/71.

The District's net position increased by approximately \$6.5 million during the current fiscal year as revenues exceeded expenses. See the discussion following the next table regarding this increase.

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

MANAGEMENT’S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The largest portion of the District’s positive net position (approximately \$110.7 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 \$17.5 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 unrestricted net position (deficit) (approximately (\$137.3) million).

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

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2015 *	2014	2015 *	2014	2015 *	2014
Revenues						
Program Revenues:						
Charges for Services	\$ 2,209,676	1,989,878	1,596,040	1,630,650	3,805,716	\$ 3,620,528
Operating Grants	81,279,476	79,184,893	6,153,807	5,939,899	87,433,283	85,124,792
General Revenues:						
Taxes	67,768,097	66,920,714	-	-	67,768,097	66,920,714
State Revenue in Lieu of Taxes	31,298,297	29,053,601	-	-	31,298,297	29,053,601
Other	922,993	1,323,904	5,974	31,267	928,967	1,355,171
Total Revenues	183,478,539	178,472,990	7,755,821	7,601,816	191,234,360	186,074,806
Program Expenses						
Instruction	103,374,011	102,070,630	-	-	103,374,011	102,070,630
Supporting Services	66,316,182	69,489,646	-	-	66,316,182	69,489,646
Community Services	267,177	246,477	-	-	267,177	246,477
Interest and Other Charges	7,131,817	5,324,113	-	-	7,131,817	5,324,113
Food Service	-	-	7,674,702	7,354,477	7,674,702	7,354,477
Total Program Expenses	177,089,187	177,130,866	7,674,702	7,354,477	184,763,889	184,485,343
Excess (Deficiency)						
Before Transfers	6,389,352	1,342,124	81,119	247,339	6,470,471	1,589,463
Transfers In (Out)	(26,678)	325,526	26,678	(325,526)	-	-
Change in Net Position	6,362,674	1,667,650	107,797	(78,187)	6,470,471	1,589,463
Net Position, Beginning of Year, as Previously Reported	154,212,917	152,545,267	4,335,490	4,413,677	158,548,407	156,958,944
Cumulative Change in Accounting Principle - GASB #68/71	(172,052,993)		(1,947,889)		(174,000,882)	-
Net Position, Beginning of Year, as Restated	(17,840,076)	152,545,267	2,387,601	4,413,677	(15,452,475)	156,958,944
Net Position, End of Year	\$ (11,477,402)	154,212,917	2,495,398	4,335,490	(8,982,004)	\$ 158,548,407

* The District implemented GASB #68/71 in FY 2015.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

The District's governmental activities net position increased by approximately \$6.4 million in 2015, compared to approximately \$1.7 million in 2014. This increase was due to an increase in revenues of approximately \$5.0 million. The increase in revenues was largely due to an increase in state grants.

Business-Type Activities

The District's business-type activities increased net position in 2015 by approximately \$108 thousand, compared to a decrease of approximately \$78 thousand in the prior year. The increase was primarily due to a decrease in transfers out of \$299 thousand and an increase in revenues (primarily sales of meals) of approximately 154 thousand, which was partially offset by an increase in in expenses (primarily purchased services) of \$320 thousand.

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, 2015, the District's governmental funds reported a combined fund balance of approximately \$47.4 million, compared to approximately \$42.1 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, 2015, the District's unassigned fund balance for all governmental funds was approximately \$24.4 million, which solely represents the General Fund. The remaining fund balance is comprised of approximately \$14.9 million restricted for debt service, approximately \$1.0 million restricted for capital projects, approximately \$0.9 million restricted for special revenue activities, approximately \$0.6 million in nonspendable fund balance (representing prepaid items and inventories), and approximately \$5.5 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 \$24.9 million, of which approximately \$24.4 million was unassigned.

The District's General Fund balance increased approximately \$1.9 million from the prior year, a change of approximately \$1.5 million from the prior year's increase of approximately \$0.4 million. Revenues for the current year were approximately \$133.4 million, increasing by approximately \$5.9 million from the prior year, due primarily to an increase in funding from the State of South Carolina (approximately \$4.3 million, primarily due to an increase in the base student funding) and an increase in local property taxes (approximately \$2.1 million – an increase in assessed values combined with better collections, while the millage increased to 177.4 mills). Expenditures for the current year were approximately \$135.2 million, increasing by approximately \$4.2 million from the prior year, due primarily to a step increase for teachers. The unassigned fund balance of approximately \$24.4 million at June 30, 2015 in the General Fund represents 18% of General Fund expenditures for the fiscal year ended June 30, 2015.

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.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2015

FUND ANALYSIS (CONTINUED)

The Debt Service Fund is used to account for the accumulation of funds for debt retirement. The District's debt millage rate remained at 52.0 mills. The fund balance in the Debt Service Fund increased approximately \$1.7 million in 2015 to approximately \$15.0 million, as revenues of approximately \$23.4 million and transfers from the Capital Projects Fund of \$0.1 million exceeded expenditures of approximately \$21.9 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 \$0.9 million during 2015 to approximately \$6.5 million at June 30, 2015, as proceeds from bond proceeds of approximately \$5.5 million exceeded expenditures for various technology purchases and construction projects of approximately \$4.5 million and a transfer of \$0.1 million to the Debt Service Fund.

Proprietary Funds

The District's only Proprietary Fund is the Food Service Fund. This program had an increase in net position for fiscal 2015 of approximately \$108 thousand, as previously described above.

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. There were no amendments to the General Fund budget during the course of fiscal year 2015. Local revenue (primarily taxes) exceeded budget due to an increase in assessed values combined with better than expected collection rates. Also, state revenues were more than budget due to an increase in the base student funding during the year. Expenditures were more than budget primarily due to much higher support services. The net change in fund balance (an increase of approximately \$1.9 million) was better than the anticipated usage of fund balance of \$1.4 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had approximately \$239.5 million invested in capital assets, net of depreciation. The total decrease in the District's investment in capital assets was approximately \$7.7 million or 3%. While there was approximately \$1.4 million in additions to capital assets, depreciation expense was approximately \$9.0 million; there were also net disposals of approximately \$0.1 million. Significant capital asset events during the current fiscal year included the following:

- Building improvements totaling approximately \$0.6 million
- Purchase of equipment totaling approximately \$0.8 million

The District has outstanding construction commitments of approximately \$472,000 at June 30, 2015.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The table below shows fiscal 2015 balances compared to 2014:

**Capital Assets at June 30, 2015 and June 30, 2014
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 10,550,181	10,550,181	-	-	10,550,181	\$ 10,550,181
Construction in Progress	34,176	819,445	-	-	34,176	819,445
Buildings and Improvements	224,523,142	231,070,753	-	-	224,523,142	231,070,753
Furniture and Equipment	3,504,226	3,768,381	867,375	987,277	4,371,601	4,755,658
Totals	\$ 238,611,725	246,208,760	867,375	987,277	239,479,100	\$ 247,196,037

For more information regarding the District's capital assets, see Note III. C in the Notes to the Financial Statements.

Debt Administration

At fiscal year-end, the District had approximately \$122.6 million in indebtedness, consisting of General Obligation bonds, note payable and a capital lease, compared to approximately \$135.5 million in the prior year, a decrease of approximately \$13.0 million (10%) 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 ("GOB") indebtedness.

Outstanding Indebtedness at June 30, 2015 and June 30, 2014

	Governmental Activities	
	2015	2014
GO Bond - November 15, 2005	\$ -	\$ 865,000
GO Bond - March 14, 2007	515,000	55,735,000
GO Bond - September 23, 2009	15,700,000	15,900,000
GO Bond - October 7, 2010	-	575,000
GO Bond - October 7, 2010	9,870,000	14,640,000
GO Bond - October 19, 2011	-	2,685,000
GO Bond - October 19, 2011	5,310,000	10,635,000
GO Bond - September 19, 2012	4,181,000	4,534,000
GO Bond - September 12, 2013	3,498,000	4,117,000
GO Bond - February 19, 2014	16,170,000	16,170,000
GO Bond - October 29, 2014	4,480,000	-
GOR Bond - March 12, 2015	53,810,000	-
Note Payable - Equipment Acquisition and Use Agreement	2,095,000	2,145,000
Capital Lease Obligations	6,955,092	7,544,436
Total Outstanding Indebtedness	\$ 122,584,092	\$ 135,545,436

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

Key highlights related to the District's total indebtedness for 2015 are as follows:

- Principal payments and defeasements of approximately \$71.8 million were made on the outstanding debt.
- New borrowings of approximately \$58.8 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, 2015, the District's assessed property valuation was approximately \$452.4 million. The District had approximately \$7.7 million in bonded debt subject to the 8% limit, resulting in unused legal debt margin of approximately \$28.5 million.

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 and Rock Hill School District Three's Average Daily Membership remained steady, increasing by only 1 student. 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.

FY 2016 BUDGETS

In preparing the 2015-2016 budgets, the School Administration continued to operate under the mechanism of act 388 which eliminates all school operating taxes on owner-occupied homes and replaces it with a potentially less stable funding source of an additional 1% sales tax. The 2014-2015 Budget included a 6 mill increase and a potential decrease in fund balance; however, administration was challenged with holding costs during the year to maintain or increase the fund balance. Anticipating continuing growth and given an increase in base student funding from the state to \$2,220 the District developed a balanced budget with no tax increase in a reassessment year. In addition, the 2015-2016 Budget will contain a step increase for teachers as well as other staff. The 2015-2016 Budget also included some reduction in staffing to a standard staffing formula and an increase in technology staffing to continue its technology initiative.

With the passage of Act 388, the local School Board will be restricted in future years on its ability to raise the millage for general operating purposes to the prior year millage increased by the average twelve month consumer price index plus the increase in population as determined by the Office of Research and Statistics of the State Budget and Control Board. We will continue to examine financial projections related to this significant change in funding source and also the State Budget and Control Board projections for 2015-16 as well as future years. We will plan carefully to provide the necessary resources to meet student and staff needs in the future and continue the successes of Rock Hill School District Three.

CONTACTING THE 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 Elaine N. Bilton, Executive Director of Financial Services, at Rock Hill School District Three, 660 N. Anderson Road, PO Drawer 10072, Rock Hill, South Carolina, 29731.

Basic Financial Statements

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

STATEMENT OF NET POSITION

JUNE 30, 2015

	PRIMARY GOVERNMENT			COMPONENT
	Governmental	Business-Type	Totals	UNIT
	Activities	Activities		Charter School
ASSETS				
Cash and Cash Equivalents	\$ 39,474,823	110	39,474,933	\$ 206,954
Investments	-	-	-	167,259
Cash and Investments Held by County Treasurer	22,731,139	-	22,731,139	-
Property Taxes Receivable, Net	8,769,739	-	8,769,739	-
Accounts Receivable	67,198	75,983	143,181	12,201
Due from State	663,639	-	663,639	-
Due from Federal	2,935,826	100,714	3,036,540	-
Internal Balances	(3,377,008)	3,377,008	-	-
Inventories and Prepaid Items	591,736	45,781	637,517	1,791
Capital Assets:				
Non-Depreciable	10,584,357	-	10,584,357	-
Depreciable, Net	228,027,368	867,375	228,894,743	51,146
TOTAL ASSETS	310,468,817	4,466,971	314,935,788	439,351
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Charges	15,084,449	170,724	15,255,173	23,880
LIABILITIES				
Accounts Payable and Accrued Expenses	14,078,590	-	14,078,590	184,298
Accrued Interest Payable	1,483,909	-	1,483,909	-
Unearned Revenue	1,968,437	-	1,968,437	-
Non-Current Liabilities:				
Net Pension Liability	174,510,892	1,975,729	176,486,621	269,270
Due Within One Year	17,671,630	-	17,671,630	-
Due in More than One Year	112,602,601	-	112,602,601	-
TOTAL LIABILITIES	322,316,059	1,975,729	324,291,788	453,568
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Credits	14,714,609	166,568	14,881,177	22,701
NET POSITION				
Net Investment in Capital Assets	109,864,338	867,375	110,731,713	51,146
Restricted For:				
Debt Service	15,596,884	-	15,596,884	-
Capital Projects	1,038,813	-	1,038,813	-
Special Educational Programs	908,801	-	908,801	-
Unrestricted	(138,886,238)	1,628,023	(137,258,215)	(64,184)
TOTAL NET POSITION	\$ (11,477,402)	2,495,398	(8,982,004)	\$ (13,038)

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, 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			Component Unit Charter School
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental Activities:								
Instruction	\$ 103,374,011	2,209,676	57,674,396	-	(43,489,939)	-	\$ (43,489,939)	
Support Services	66,316,182	-	23,561,051	-	(42,755,131)	-	(42,755,131)	
Community Services	267,177	-	44,029	-	(223,148)	-	(223,148)	
Interest and Other Charges	7,131,817	-	-	-	(7,131,817)	-	(7,131,817)	
Total Governmental Activities	177,089,187	2,209,676	81,279,476	-	(93,600,035)	-	(93,600,035)	
Business-Type Activities:								
Food Services	7,674,702	1,596,040	6,153,807	-	-	75,145	75,145	
Total Business-Type Activities	7,674,702	1,596,040	6,153,807	-	-	75,145	75,145	
TOTAL PRIMARY GOVERNMENT	\$ 184,763,889	3,805,716	87,433,283	-	(93,600,035)	75,145	(93,524,890)	
COMPONENT UNIT								
Charter School	\$ 536,766	-	279,674	-				(257,092)
GENERAL REVENUES:								
General Revenues:								
Property Taxes Levied for General Purposes					45,736,663	-	45,736,663	-
Property Taxes Levied for Debt Service					22,031,434	-	22,031,434	-
State Revenue in Lieu of Taxes					31,298,297	-	31,298,297	-
Investment Earnings					145,108	-	145,108	-
Miscellaneous-Not Restricted to Specific Programs					777,885	-	777,885	309,321
Gain on Disposal of Capital Assets					-	5,974	5,974	-
Transfers In (Out)					(26,678)	26,678	-	-
Total General Revenues and Transfers					99,962,709	32,652	99,995,361	309,321
CHANGE IN NET POSITION					6,362,674	107,797	6,470,471	52,229
NET POSITION - Beginning of Year					154,212,917	4,335,490	158,548,407	308,200
Cumulative Change in Accounting Principle - GASB #68/71					(172,052,993)	(1,947,889)	(174,000,882)	(373,467)
NET POSITION, Beginning of Year, Restated					(17,840,076)	2,387,601	(15,452,475)	(65,267)
NET POSITION					(11,477,402)	2,495,398	(8,982,004)	\$ (13,038)

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, 2015

	GENERAL	SPECIAL REVENUE
ASSETS		
Cash and Cash Equivalents	\$ 39,474,723	100
Cash and Investments Held by County Treasurer	2,713,616	-
Receivables, Net:		
Taxes	6,538,905	-
Accounts	13,063	54,135
Due From:		
State	260,668	170,478
Federal	-	2,935,826
Other Funds	-	-
Prepaid Items	251,553	-
Inventories	340,183	-
TOTAL ASSETS	\$ 49,592,711	3,160,539
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	\$ 3,506,165	-
Accrued Salaries, Fringe & Benefits	10,562,003	-
Due To:		
Other Funds	4,245,623	1,062,197
Unearned Revenue	-	1,189,541
TOTAL LIABILITIES	18,313,791	2,251,738
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	6,305,972	-
TOTAL DEFERRED INFLOWS OF RESOURCES	6,305,972	-
FUND BALANCES:		
Fund Balances		
Nonspendable For:		
Prepaid Items	251,553	-
Inventories	340,183	-
Restricted For:		
Debt Service	-	-
Capital Projects	-	-
Special Educational Programs	-	908,801
Assigned For:		
Capital Projects	-	-
Unassigned	24,381,212	-
TOTAL FUND BALANCES	24,972,948	908,801
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 49,592,711	3,160,539

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

SPECIAL REVENUE - EIA	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	-	-	\$ 39,474,823
-	14,201,742	5,815,781	22,731,139
-	2,230,834	-	8,769,739
-	-	-	67,198
232,493	-	-	663,639
-	-	-	2,935,826
546,403	648,217	736,192	1,930,812
-	-	-	251,553
-	-	-	340,183
778,896	17,080,793	6,551,973	\$ 77,164,912
-	-	10,422	\$ 3,516,587
-	-	-	10,562,003
-	-	-	5,307,820
778,896	-	-	1,968,437
778,896	-	10,422	21,354,847
-	2,098,824	-	8,404,796
-	2,098,824	-	8,404,796
-	-	-	251,553
-	-	-	340,183
-	14,981,969	-	14,981,969
-	-	1,038,813	1,038,813
-	-	-	908,801
-	-	5,502,738	5,502,738
-	-	-	24,381,212
-	14,981,969	6,541,551	47,405,269
778,896	17,080,793	6,551,973	\$ 77,164,912

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**

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

JUNE 30, 2015

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 47,405,269
<p>Amounts reported for the governmental activities in the Statement of Net Position are different because:</p>		
<p>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.</p>		8,404,796
<p>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 \$358,887,261, and the accumulated depreciation is \$120,275,536.</p>		238,611,725
<p>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 pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.</p>		(174,141,052)
<p>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.</p>		(1,483,909)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities consisted of the following:</p>		
<p style="padding-left: 40px;">Long-Term Debt</p>	(122,584,092)	
<p style="padding-left: 40px;">Net Premium</p>	(7,202,108)	
<p style="padding-left: 40px;">Compensated Absences</p>	(488,031)	(130,274,231)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ (11,477,402)</u>

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, 2015

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
REVENUES		
Local Sources:		
Taxes	\$ 47,563,824	-
Investment Earnings	74,453	-
Other Local Sources	609,993	3,295,332
State Sources	85,150,390	2,902,263
Federal Sources	-	9,342,678
Intergovernmental Revenue	-	248,304
TOTAL REVENUE ALL SOURCES	133,398,660	15,788,577
EXPENDITURES		
Current:		
Instruction	81,659,852	9,468,256
Support Services	52,159,668	5,096,345
Community Services	178,548	88,629
Intergovernmental	261,710	217,390
Capital Outlay	26,322	11,460
Debt Service:		
Principal Retirement	589,344	-
Interest and Fiscal Charges	331,156	-
Other Charges	-	-
TOTAL EXPENDITURES	135,206,600	14,882,080
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,807,940)	906,497
OTHER FINANCING SOURCES (USES)		
Proceeds from the Sale of Capital Assets	37,032	-
Issuance of General Obligation Bonds	-	-
Issuance of General Obligation Refunding Bonds	-	-
Premium on Issuance of Bonds	-	-
Payment to Refunding Bond Escrow Agent	-	-
Transfers In	3,856,834	-
Transfers Out	(208,787)	(236,881)
CHANGE IN NET POSITION	3,685,079	(236,881)
NET CHANGES IN FUND BALANCES	1,877,139	669,616
FUND BALANCE, Beginning of Year	23,095,809	239,185
FUND BALANCE, End of Year	\$ 24,972,948	908,801

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

SPECIAL REVENUE - EIA	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	21,878,225	-	\$ 69,442,049
-	46,135	24,520	145,108
-	-	4,515	3,909,840
10,121,997	1,428,330	-	99,602,980
-	-	-	9,342,678
-	17,000	-	265,304
10,121,997	23,369,690	29,035	182,707,959
4,724,714	-	-	95,852,822
1,914,819	-	2,512,278	61,683,110
-	-	-	267,177
-	-	-	479,100
44,620	-	1,942,450	2,024,852
-	16,282,000	-	16,871,344
-	5,440,445	-	5,771,601
-	214,560	72,816	287,376
6,684,153	21,937,005	4,527,544	183,237,382
3,437,844	1,432,685	(4,498,509)	(529,423)
-	-	2,200	39,232
-	-	5,000,000	5,000,000
-	53,810,000	-	53,810,000
-	5,691,040	566,357	6,257,397
-	(59,291,598)	-	(59,291,598)
-	70,163	-	3,926,997
(3,437,844)	-	(70,163)	(3,953,675)
(3,437,844)	279,605	5,498,394	5,788,353
-	1,712,290	999,885	5,258,930
-	13,269,679	5,541,666	42,146,339
-	14,981,969	6,541,551	\$ 47,405,269

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**

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

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

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 5,258,930
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.	775,084
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	16,871,344
Payment to the refunding debt escrow agent is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.	59,291,598
The issuance of bonds 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	(64,501,040)
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.	312,495
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.	(1,951,692)
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.	(8,951)
Changes in the District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(2,088,059)
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.	(129,737)
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over there estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$1,356,446 was exceeded by depreciation expense of \$8,823,744 during the year.	(7,467,298)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,362,674</u>

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 NET POSITION

PROPRIETARY FUND

JUNE 30, 2015

	<u>ENTERPRISE</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 110
Receivables, Net:	
Accounts	75,983
Due From:	
Federal Agencies	100,714
Other Funds	3,377,008
Inventories	45,781
Total Current Assets	<u>3,599,596</u>
Non-Current Assets:	
Capital Assets	4,771,734
Less: Accumulated Depreciation	(3,904,359)
Total Non-Current Assets	<u>867,375</u>
TOTAL ASSETS	<u>4,466,971</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	170,724
LIABILITIES	
Noncurrent Liabilities:	
Net Pension Liability	1,975,729
Total Current Liabilities	<u>1,975,729</u>
NET POSITION	<u>1,975,729</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	166,568
NET POSITION	
Net Investment in Capital Assets	867,375
Unrestricted	1,628,023
TOTAL NET POSITION	<u>\$ 2,495,398</u>

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 REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2015

	<u>ENTERPRISE</u>
OPERATING REVENUES	
Proceeds from Sale of Meals	\$ 1,596,040
OPERATING EXPENSES	
Salaries and Benefits	1,567,554
Purchased Services	5,408,044
Supplies and Materials	516,183
Depreciation	177,682
Other	5,239
TOTAL OPERATING EXPENSES	<u>7,674,702</u>
OPERATING LOSS	<u>(6,078,662)</u>
NON-OPERATING REVENUES (EXPENSES)	
Commodities Received from USDA	492,567
USDA Reimbursements	5,584,101
Other Revenue	77,139
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>6,153,807</u>
INCOME BEFORE TRANSFERS	75,145
Gain on Sale of Capital Assets	5,974
Transfer In - From General Fund	208,787
Transfer Out - Food Service Fund Indirect Costs	<u>(182,109)</u>
CHANGE IN NET POSITION	107,797
TOTAL NET POSITION, Beginning of Year, as Previously Reported	4,335,490
Cumulative Change in Accounting Principle - GASB #68/71	<u>(1,947,889)</u>
TOTAL NET POSITION, Beginning of Year, Restated	<u>2,387,601</u>
TOTAL NET POSITION, End of Year	<u>\$ 2,495,398</u>

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 CASH FLOWS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2015

	<u>ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Meal Sales	\$ 1,520,057
Receipts from Other Revenues	77,139
Payments to Employees for Services	(1,543,870)
Payments to Suppliers for Goods and Services	(5,436,899)
NET CASH USED IN OPERATING ACTIVITIES	<u>(5,383,573)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Reimbursement	5,579,649
Transfers From (To) Other Funds	(146,082)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>5,433,567</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(57,780)
Proceeds from the Sale of Capital Assets	5,974
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(51,806)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,812)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,922</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 110</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (6,078,662)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation Expense	177,682
Non-Cash USDA Commodities Used	492,567
Other Non-Operating Revenues	77,139
Change In:	
Receivables	(75,983)
Net Pension Liability	(82,595)
Deferred Pension Charges	(60,289)
Deferred Pension Credits	166,568
Net Cash Used in Operating Activities	<u>\$ (5,383,573)</u>
Non-Cash Transactions:	
Depreciation	\$ 177,682
Commodities Received from the USDA	\$ 492,567

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, 2015

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 11,058
Receivables	1,150,237
TOTAL ASSETS	<u>\$ 1,161,295</u>
LIABILITIES	
Due to Student Organizations	\$ 1,161,295
TOTAL LIABILITIES	<u>\$ 1,161,295</u>

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, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Rock Hill School District Three, South Carolina (the “District”), is governed by a seven member Board of Trustees (the “Board”). The District provides regular and exceptional education for students from kindergarten through grade twelve.

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 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 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. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support. Likewise, the *primary government* (the District) is reported separately from the legally separate *component unit* (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 Proprietary Fund and 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 and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The 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, 2015

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 major funds and fund types 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 and liabilities (except for those accounted for in the Proprietary Funds) 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 fund types:

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 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.

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 except for those financed in the Enterprise Fund.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund are charges to students and teachers for breakfast, lunch and special sales. Operating expenses for the Enterprise Fund include the cost of sales, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary Fund types include the following fund:

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

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.

Significant New Accounting Standards Adopted – Change in Accounting Principle

The District implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68" or "Statement") in 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the District's financial obligations to current and former employees for past services rendered. In particular, this Statement requires the District to recognize a net pension liability (and related deferred outflows and inflows of resources) for its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System ("Plans"), South Carolina State ORP cost-sharing multiple-employer defined benefit pension plan(s), 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The adoption of this Statement had no impact on the District's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the plan(s). However, the adoption has resulted in the restatement of the District's net position as of July 1, 2014 for its government-wide financial and enterprise fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the District's government-wide and enterprise fund financial statements as of July 1, 2014 was decreased by approximately \$172,053,000, and \$1,948,000, respectively, reflecting the cumulative change in accounting principle related to this Statement's adoption. See Note IV.A for more information regarding the District's retirement plans.

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

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- (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.

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 County Treasurer, which consists of funds restricted for debt service and capital projects; it also consists of property taxes collected 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.
- State Local Government Investment Pool (the "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. Investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances". All accounts and property taxes receivable are shown net of an allowance for uncollectible amounts.

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. Inventories in the Food Service Fund consist of purchased goods, supplies and USDA commodities received, but not used as of June 30, 2015, which are stated at fair market values assigned by the USDA.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

Capital assets utilized by the Proprietary Fund are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The 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 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.

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

All reported capital assets 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:

Asset Category	Governmental Activities	Business-Type Activities
Buildings and Improvements	50 years	20 years
Furniture and Equipment	3 – 7 years	3 – 12 years

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the Proprietary Fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, 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. If applicable, accrued arbitrage payable is also reflected in long-term obligations.

In the 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.

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 School District currently has one type of deferred outflows of resources. The School 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 School District currently has two types of deferred inflows of resources: (1) The School 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 School 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.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”), which established new fund balance classifications for governmental fund types and clarifies the definitions of the governmental fund types the School District classifies governmental fund balances as follows:

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

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

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 of Trustees) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the District consist of amounts approved by a majority vote of the Board Members (a) in the annual budget or (b) in subsequent requests made throughout the year.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (Continued)

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 of Trustees has not formally granted the right to make assignments of fund balance for the District to anyone other than itself. The Capital Projects Fund assignment of fund balance of \$5,502,738 represents unspent amounts that were transferred from the General Fund to the Capital Projects Fund for future capital projects.

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.

Net Position

Net position represents the difference between assets and deferred outflows of resources and 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Interfund Activity

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

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

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

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 amounts of assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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 Fund. Special Revenue Fund budgets are controlled in conformance with the specific requirements of those funds (i.e. federal and state grant funds available are based on award amounts and the State EIA funds are based on state appropriation). In addition, no budgets are prepared for the Debt Service and Capital Projects funds. A budget and actual comparison is presented 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 issued during the year ended June 30, 2015. 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 of Trustees originally and in supplementary action. The legal level of control is at the fund level.

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

- a. In the winter, the District sets it 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 financial statements are as amended and approved by the Board. No supplemental appropriations were necessary during the year ended June 30, 2015. 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, 2015, none of the District's bank balances (including fiduciary funds) of approximately \$924,000, which had a carrying value of approximately \$440,000, were exposed to custodial credit risk.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments

As of June 30, 2015, the District had the following investments:

Investment Type	Credit Rating	Fair Value	Weighted Average Maturity Less than One Year
State Local Government Investment Pool	Unrated ^	\$ 39,045,911	\$ 39,045,911
Cash and Investments Held by County Treasurer	Unrated ^	22,731,140	22,731,140
Total		\$ 61,777,051	\$ 61,777,051

^ Investments in 2a-7 like funds are not required to disclose interest rate risk (as the cash and investments in these funds have a weighted average maturity of 60 days or less). The County Treasurer invests the monies it holds in trust for governmental entities in separate accounts with the State Local Government Investment Pool. Thus, we have characterized this investment as a 2a-7 like fund.

Interest Rate Risk: The 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, 2015, 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, Deferred Inflows of Resources, Unearned Revenues, and Other Receivables

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 of Trustees 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Property Taxes, Deferred Inflows of Resources, Unearned Revenues, and Other Receivables (Continued)

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.

For the year ended June 30, 2015, millage for property taxes was set at 147.4 mills (increase from the prior year 141.4) to cover the District's general operating services and uses. 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 Districts within the County, and an additional County-wide special 1 mill levy for school operation for the 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 \$6,539,000 in the General Fund and approximately \$2,231,000 in the Debt Service Fund are reported net of an allowance for uncollectible amounts of approximately \$406,000 and \$138,000, respectively. Allowances for uncollectible amounts were not necessary for the other receivable accounts.

Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2015, unavailable revenue related to property taxes reported in the governmental funds totaled approximately \$6,306,000 and \$2,099,000 in the General and Debt Service Funds, respectively. Unearned revenues in the special revenue funds totaled approximately \$1,968,000 at June 30, 2015.

Intergovernmental receivables at June 30, 2015 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Property Taxes, Deferred Inflows of Resources, Unearned Revenues, and Other Receivables (Continued)

A summary of the principal items of intergovernmental receivables at June 30, 2015 were as follows:

Due from the federal government:	
Food Service	\$ 100,714
Special Projects	2,935,826
Total due from the federal government	<u>3,036,540</u>
Due from state agencies:	
General fund	260,668
Education Improvement Act	232,493
Other special revenue programs	170,478
Total due from state agencies	<u>663,639</u>
 Total intergovernmental receivables	 <u>\$ 3,700,179</u>

C. Capital Assets

Capital asset activity for the District for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Government Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 10,550,181	-	-	-	\$ 10,550,181
Construction in Progress	819,445	375,062	-	(1,160,331)	34,176
Total Capital Assets, Not Being Depreciated	<u>11,369,626</u>	<u>375,062</u>	<u>-</u>	<u>(1,160,331)</u>	<u>10,584,357</u>
Capital Assets, Being Depreciated:					
Buildings and Improvements	332,226,336	167,045	-	1,160,331	333,553,712
Furniture and Equipment	14,173,533	814,339	(238,680)	-	14,749,192
Total Capital Assets Being Depreciated	<u>346,399,869</u>	<u>981,384</u>	<u>(238,680)</u>	<u>1,160,331</u>	<u>348,302,904</u>
Less: Accumulated Depreciation For:					
Buildings and Improvements	101,155,583	7,874,987	-	-	109,030,570
Furniture and Equipment	10,405,152	948,757	(108,943)	-	11,244,966
Total Accumulated Depreciation	<u>111,560,735</u>	<u>8,823,744</u>	<u>(108,943)</u>	<u>-</u>	<u>120,275,536</u>
Total Capital Assets, Being Depreciated, Net	<u>234,839,134</u>	<u>(7,842,360)</u>	<u>(129,737)</u>	<u>1,160,331</u>	<u>228,027,368</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 246,208,760</u>	<u>(7,467,298)</u>	<u>(129,737)</u>	<u>-</u>	<u>\$ 238,611,725</u>
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Equipment	\$ 4,720,734	57,780	(6,780)	-	\$ 4,771,734
Less: Accumulated Depreciation	3,733,457	177,682	(6,780)	-	3,904,359
Total Business-Type Activities Capital Assets, Net	<u>\$ 987,277</u>	<u>(119,902)</u>	<u>-</u>	<u>-</u>	<u>\$ 867,375</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Depreciation expense was charged to governmental functions for the Primary Government as follows:

Instruction	\$ 5,452,563
Support Services	3,371,181
Total Charged to Governmental Activities	<u>\$ 8,823,744</u>

The District has outstanding commitments related to construction activities totaling approximately \$472,000 at June 30, 2015.

D. Long-Term Obligations

A summary of changes in long-term obligations for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligations Bonds					
Series 2013A	\$ 4,117,000	-	619,000	3,498,000	\$ 586,000
Series 2005 *	865,000	-	865,000	-	-
Series 2007 - Note 1	55,735,000	-	55,220,000	515,000	340,000
Series 2009A *	15,900,000	-	200,000	15,700,000	200,000
Series 2010A	575,000	-	575,000	-	-
Series 2010B *	14,640,000	-	4,770,000	9,870,000	5,145,000
Series 2011A	2,685,000	-	2,685,000	-	-
Series 2011B *	10,635,000	-	5,325,000	5,310,000	5,310,000
Series 2012	4,534,000	-	353,000	4,181,000	1,682,000
Series 2014A *	16,170,000	-	-	16,170,000	1,165,000
Series 2014B	-	5,000,000	520,000	4,480,000	25,000
Series 2015A GOB Refunding	-	53,810,000	-	53,810,000	-
Total General Obligation Bonds	<u>125,856,000</u>	<u>58,810,000</u>	<u>71,132,000</u>	<u>113,534,000</u>	<u>14,453,000</u>
Note Payable					
Equipment Acquisition and Use Agreement	2,145,000	-	50,000	2,095,000	2,095,000
Capital Lease Obligations	7,544,436	-	589,344	6,955,092	635,599
Sub-total	<u>135,545,436</u>	<u>58,810,000</u>	<u>71,771,344</u>	<u>122,584,092</u>	<u>17,183,599</u>
Unamortized Bond Premiums	3,950,974	5,691,040	2,439,906	7,202,108	-
Total Bonds, Note Payable and Capital Lease	<u>139,496,410</u>	<u>64,501,040</u>	<u>74,211,250</u>	<u>129,786,200</u>	<u>17,183,599</u>
Compensated Absences	479,080	559,807	550,856	488,031	488,031
Total Governmental Activities	<u>\$ 139,975,490</u>	<u>65,060,847</u>	<u>74,762,106</u>	<u>130,274,231</u>	<u>\$ 17,671,630</u>

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General obligation bonds consist of the following at June 30, 2015:

Date/Description of Issue	Interest Rate	Payment Dates	Maturity	Original Issue Amount	Outstanding Balance
March 14, 2007 - Series 2007A	3.25 - 5.00%	Mar./Sept.	2032	\$ 63,000,000	\$ 515,000
September 23, 2009 - Series 2009A	2.00 - 5.00%	Mar./Sept.	2029	19,000,000	15,700,000
October 7, 2010 - Series 2010B	5.00%	Mar./Sept.	2017	23,180,000	9,870,000
October 19, 2011 - Series 2011B	2.00 - 5.00%	Mar./Sept.	2016	15,595,000	5,310,000
September 19, 2012 - Series 2012	4.00 - 5.00%	Mar./Sept.	2017	6,000,000	4,181,000
Septemer 12, 2013 - Series 2013A	1.16%	Mar./Sept.	2017	5,000,000	3,498,000
February 19, 2014 - Series 2014A	2.00 - 5.00%	Mar./Sept.	2025	16,170,000	16,170,000
October 29, 2014 - Series 2014B	5.00%	Mar./Sept.	2018	5,000,000	4,480,000
March 12, 2015 - Series 2015A	3.00 - 5.00%	Mar./Sept.	2032	53,810,000	53,810,000
Total General Obligation Bonds				<u>\$ 206,755,000</u>	<u>\$ 113,534,000</u>

On September 29, 2006, the District entered into an agreement to finance the purchase of certain energy management equipment, accounting for this arrangement as a capital lease. The agreement requires principal payments currently totaling approximately \$6,955,000 over the remaining term of the lease at an interest rate of 3.98%. The lease term ends on October 27, 2023.

The cost of equipment recorded under the capital lease and related accumulated amortization was approximately \$15,916,000 and \$5,267,000, respectively, at June 30, 2015. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

On August 9, 2013, the District entered into an Equipment Acquisition and Use Agreement in the amount of \$3,100,000 with a financial institution. Principal and interest (at 0.9383%) are due on an annual basis on December 1. The District paid \$955,000 in principal on December 1, 2013; the District will pay \$50,000 in principal on December 1, 2014, with a final principal payment of \$2,095,000 on December 1, 2015. The District used the proceeds for technology upgrades. The Agreement is secured by the technology equipment acquired.

In March 2015, the District issued \$53,810,000 in Series 2015A General Obligation Refunding Bonds, receiving a premium of approximately \$5,691,000, and incurring bond issuance costs of approximately \$209,000. The new bonds provided resources of approximately \$59,292,000 to advance refund \$54,900,000 of the outstanding Series 2007A General Obligation Bonds. As a result, this amount of the Series 2007A General obligation Bonds are considered to be defeased until redemption in March 2017. Accordingly, the liability for the refunded bonds has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price was exceeded by the net carrying amount of the old debt by approximately \$3,452,000. The premium received is being amortized over the life of the new debt. The loss on refunding was recognized currently in the Statement of Activities due to its immaterial amount. This advance refunding was undertaken to reduce total debt service payments over the next ten years by approximately \$5,650,000 and resulted in an economic gain of approximately \$4,659,000.

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, 2015, there were no amounts outstanding for arbitrage rebates.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

The following table represents debt service requirements on all outstanding indebtedness through maturity for the District's governmental activities as of June 30, 2015:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 17,183,599	4,769,529	\$ 21,953,128
2017	15,435,299	4,181,809	19,617,108
2018	7,640,542	3,482,175	11,122,717
2019	6,319,443	3,176,684	9,496,127
2020	6,240,401	2,905,707	9,146,108
2021-2025	33,964,808	10,393,388	44,358,196
2026-2030	26,015,000	4,170,950	30,185,950
2031-2032	9,785,000	442,500	10,227,500
Totals	<u>\$ 122,584,092</u>	<u>33,522,742</u>	<u>\$ 156,106,834</u>

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

Bonded indebtedness existing on November 30, 1982, and bonded indebtedness authorized by a majority vote of the qualified electors of the District voting in a referendum will not be considered in the computation of the 8% limitation. The District had approximately \$7,679,000 in outstanding bonded indebtedness that was subject to the 8% debt limit at June 30, 2015; the remaining debt margin available to the District was approximately \$28,511,000 as of June 30, 2015.

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, 2015:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance
Tax Anticipation Notes	\$ -	10,500,245	10,500,245	\$ -
Total Governmental Activities	<u>\$ -</u>	<u>10,500,245</u>	<u>10,500,245</u>	<u>\$ -</u>

The District issued a short-term Tax Anticipation Note in September 2014 for approximately \$10,500,000 with an effective interest rate of 0.09%. This Note was issued to fund on-going operations in the first half of fiscal 2014 until property tax revenues were collected. This Note plus interest of approximately \$40,000 was repaid in March 2015.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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 into the Special Projects Funds for future innovative board designated projects and staff development. Funds are transferred from the General Fund to the Capital Projects and Debt Service Fund for capital needs for each school. Funds are transferred from the General Fund to the Food Service Fund for reimbursement of fringe-related costs.

Transfers from (to) other funds for the year ended June 30, 2015, consisted of the following:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
General Fund	\$ 3,856,834	\$ 208,787
Special Projects Fund	-	236,881
Special Revenue - EIA Fund	-	3,437,844
Debt Service Fund	70,163	-
Capital Projects Fund	-	70,163
<u>Proprietary Fund:</u>		
Enterprise - Food Service	208,787	182,109
Totals	<u>\$ 4,135,784</u>	<u>\$ 4,135,784</u>

G. 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, 2015, all of which are expected to be repaid within one year, are summarized as follows:

	Receivables	Payables
<u>Governmental Funds:</u>		
General Fund	\$ -	\$ 4,245,623
Special Revenue Fund	-	1,062,197
Special Revenue - EIA Fund	546,403	-
Debt Service Fund	648,217	-
Capital Projects Fund	736,192	-
<u>Proprietary Fund:</u>		
Enterprise - Food Service	3,377,008	-
Totals	<u>\$ 5,307,820</u>	<u>\$ 5,307,820</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION

A. Retirement Plan

The District participates in the State of South Carolina's retirement plans, which are 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, 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 Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. 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, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Membership (Continued)

- State ORP - As an alternative to membership in 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 considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.75 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by 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, 2015

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. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the 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 board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the 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 above, 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 as follows for the past three years:

	SCRS and State ORP Rates			PORS Rates		
	2013	2014	2015	2013	2014	2015
Employer Rate:						
Retirement *	10.450%	10.450%	10.750%	11.900%	12.440%	13.010%
Incidental Death Benefit	0.150%	0.150%	0.150%	0.200%	0.200%	0.200%
Accidental Death Benefit	0.000%	0.000%	0.000%	0.200%	0.200%	0.200%
	<u>10.600%</u>	<u>10.600%</u>	<u>10.900%</u>	<u>12.300%</u>	<u>12.840%</u>	<u>13.410%</u>
Employee Rate	<u>7.00%</u>	<u>7.50%</u>	<u>8.00%</u>	<u>7.00%</u>	<u>7.84%</u>	<u>8.41%</u>

* 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, 2015

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
2015	\$ 9,629,243	100%	616,327	100%	\$ 8,822	100%
2014	9,324,802	100%	535,939	100%	5,273	100%
2013	\$ 9,186,139	100%	503,227	100%	\$ 3,048	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
2015	\$ 88,341,683	10,446,227	65,785	\$ 98,853,695
2014	87,969,832	9,570,339	41,065	97,581,236
2013	\$ 86,661,687	8,986,194	24,781	\$ 95,672,662

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

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. For the year ended June 30, 2014, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension
SCRS	\$ 42,955,205,796	25,738,521,026	\$ 17,216,684,770	59.9%
PORS	\$ 5,899,529,434	3,985,101,996	\$ 1,914,427,438	67.5%

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

At June 30, 2015, the District reported liabilities of approximately \$176,421,000 and \$66,000 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, 2014, 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, 2013 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 June 30, 2014, the District's SCRS proportion was 1.024708 percent, which was equal to its proportion measured as of June 30, 2013. At June 30, 2014, the District's PORS proportion was 0.00344 percent, which was equal to its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of approximately \$12,365,000 and \$6,000 for SCRS and PORS, respectively. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 4,999,022	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	14,873,555
District Contributions Subsequent to the Measurement Date	10,245,571	-
Total SCRS	<u>15,244,593</u>	<u>14,873,555</u>
PORS		
Differences Between Expected and Actual Experience	1,758	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	7,622
District Contributions Subsequent to the Measurement Date	8,822	-
Total PORS	<u>10,580</u>	<u>7,622</u>
Total SCRS and PORS	<u>\$ 15,255,173</u>	<u>\$ 14,881,177</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

Approximately \$10,246,000 that was reported as deferred outflows of resources related to the District’s contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Approximately \$9,000 that was reported as deferred outflows of resources related to the District’s contributions subsequent to the measurement date to the PORS, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2016	\$ (2,172,140)	(1,450)	\$ (2,173,590)
2017	(2,172,140)	(1,450)	(2,173,590)
2018	(2,172,140)	(1,450)	(2,173,590)
2019	(3,358,113)	(1,514)	(3,359,627)
Total	\$ (9,874,533)	(5,864)	\$ (9,880,397)

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. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Salary Increases	Levels off at 3.5%	Levels off at 4.0%
Includes Inflation at	2.75%	2.75%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

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.

Former Job Class	Males	Females
Educators and Judges	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, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (“RSIC”) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds’ assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. 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, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5%		
Cash	2%	0.30	0.01%
Short Duration	3%	0.60	0.02%
Domestic Fixed Income	13%		
Core Fixed Income	7%	1.10	0.08%
High Yield	2%	3.50	0.07%
Bank Loans	4%	2.80	0.11%
Global Fixed Income	9%		
Global Fixed Income	3%	0.80	0.02%
Emerging Markets Debt	6%	4.10	0.25%
Global Public Equity	31%	7.80	2.42%
Global Tactical Asset Allocation Alternatives	10%	5.10	0.51%
Hedge Funds (Low Beta)	32%		
Private Debt	8%	4.00	0.32%
Private Equity	7%	10.20	0.71%
Real Estate (Broad Market)	9%	10.20	0.92%
Commodities	5%	5.90	0.29%
Commodities	3%	5.10	0.15%
Total Expected Real Return	100%		5.88%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.63%

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Discount Rate (Continued)

The following table presents the sensitivity of the District’s proportionate share of the net pension liability of the Plans as of June 30, 2014 to changes in the discount rate, calculated using the discount rate of 7.5 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.5 percent) or 1% point higher (8.5 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	\$ 228,299,351	176,420,746	\$ 133,139,099
District’s proportionate share of the net pension liability of the PORS	\$ 92,059	65,875	\$ 44,211

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA’s Retirement Benefits’ website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Payable to Plans

The District reported an accrued liability of approximately \$1,865,000 to the PEBA as of June 30, 2015, representing required employer and employee contributions for the month of June 2015 for the SCRS and PORS. This amount is included in Accrued Salaries and Fringe Benefits on the financial statements and was paid in July 2015.

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 retires 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

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 5.00%, 4.92%, and 4.55% for the years ended June 30, 2015, 2014, and 2013, respectively. The actual required employer contribution surcharge amounts were approximately \$4,943,000, \$4,801,000, and \$4,353,000 for the years ended June 30, 2015, 2014, and 2013, 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 \$491,000 for the year ended June 30, 2015.

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 School District carries commercial insurance. During the year ended June 30, 2015, 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 School District pays an annual premium to the Trust for its general liability, workers' compensation and property insurance. The agreement for formation of the Trust provides that the Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event.

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

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, 2015 were approximately \$213,000. The new lease expires in September 2018, and the remaining commitments under this agreement are approximately \$677,000.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

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. Subsequent Events

In August 2015, the District entered into a Tax Anticipation Note ("TAN") program with the South Carolina Association of Governmental Organizations ("SCAGO") in the amount of \$4,942,000 to provide financial resources for operations. The District has drawn down \$4,942,000 as of the date of issuance of the financial statements. The TAN, including interest at an effective rate of 0.2%, is due in full at maturity in the spring of 2016.

In August 2015, the District issued its Series 2015B General Obligation Bonds in the amount of \$5,000,000 to provide funds for capital improvements. The District received a premium of approximately \$20,000 and incurred issuance costs of approximately \$70,000. The interest rate on these bonds is 1.0%, with a final maturity in March 2016.

In September 2015, the District issued its Series 2015 General Obligation Bond Anticipation Notes in the amount of \$30,000,000 to provide funds for capital improvements. The District received a premium of approximately \$471,000 and incurred issuance costs of approximately \$137,000. The interest rate on these bonds is 2.0%, with a final maturity in September 2016.

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 BALANCE
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 45,100,000	45,100,000	47,563,824	\$ 2,463,824
Investment Earnings	100,000	100,000	74,453	(25,547)
Other Local Sources	792,000	792,000	609,993	(182,007)
State Sources	82,975,450	82,975,450	85,150,390	2,174,940
Intergovernmental Revenue	200,000	200,000	-	(200,000)
TOTAL REVENUE ALL SOURCES	129,167,450	129,167,450	133,398,660	4,231,210
EXPENDITURES				
Current:				
Instruction	81,856,052	81,856,052	81,659,852	196,200
Support Services	51,543,281	51,543,281	52,159,668	(616,387)
Community Services	160,734	160,734	178,548	(17,814)
Intergovernmental	305,000	305,000	261,710	43,290
Capital Outlay	37,468	37,468	26,322	11,146
Debt Service:				
Principal Retirement	800,000	800,000	589,344	210,656
Interest and Fiscal Charges	-	-	331,156	(331,156)
TOTAL EXPENDITURES	134,702,535	134,702,535	135,206,600	(504,065)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,535,085)	(5,535,085)	(1,807,940)	3,727,145
OTHER FINANCING SOURCES (USES)				
Proceeds from the Sale of Capital Assets	50,000	50,000	37,032	(12,968)
Transfers In	4,310,000	4,310,000	3,856,834	(453,166)
Transfers Out	(200,000)	(200,000)	(208,787)	(8,787)
TOTAL OTHER FINANCING SOURCES (USES)	4,160,000	4,160,000	3,685,079	(474,921)
NET CHANGES IN FUND BALANCES	(1,375,085)	(1,375,085)	1,877,139	3,252,224
FUND BALANCES, Beginning of Year	23,095,809	23,095,809	23,095,809	-
FUND BALANCES, End of Year	\$ 21,720,724	21,720,724	24,972,948	\$ 3,252,224

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 TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
District's Proportion of the Net Pension Liability (Asset)	1.024708%	1.024708%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 176,420,746	\$ 183,796,061
District's Covered-Employee Payroll	\$ 87,969,832	\$ 86,661,687
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	200.55%	212.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.92%	56.39%

Notes to Schedule:

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
Contractually Required Contribution	\$ 10,245,571	\$ 9,860,741
Contributions in Relation to the Contractually Required Contribution:	10,245,571	9,860,741
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District Covered-Employee Payroll	\$ 88,341,683	\$ 87,969,832
Contributions as a Percentage of Covered-Employee Payroll:	11.60%	11.21%

**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 TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.00344%	0.00344%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 65,875	\$ 71,331
District's Covered-Employee Payroll	\$ 41,065	\$ 24,781
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	160.42%	287.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.55%	62.98%

Notes to Schedule:

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
Contractually Required Contribution	\$ 8,821	\$ 5,273
Contributions in Relation to the Contractually Required Contribution:	8,821.00	5,273
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District Covered-Employee Payroll	\$ 65,785	\$ 41,065
Contributions as a Percentage of Covered-Employee Payroll:	13.41%	12.84%

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Supplementary Information

Combining and Individual Fund 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 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 BALANCE
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenues from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 33,700,000	35,510,378	\$ 1,810,378
1140 Penalties & Interest on Taxes (Independent)	1,500,000	1,467,856	(32,144)
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	7,800,000	7,901,949	101,949
1240 Penalties & Interest on Taxes (Dependent)	200,000	234,606	34,606
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,900,000	2,449,035	549,035
1300 Tuition:			
1310 From Patrons for Regular Day School	30,000	4,761	(25,239)
1320 From Other LEAs for Regular Day School	-	11,675	11,675
1500 Earnings on Investments:			
1510 Interest on Investments	100,000	74,453	(25,547)
1900 Other Revenue from Local Sources:			
1910 Rentals	150,000	261,039	111,039
1920 Contributions & Donations Private Sources	125,000	20,100	(104,900)
1950 Refund of Prior Year's Expenditures	-	510	510
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	487,000	311,908	(175,092)
Total Revenue from Local Sources	<u>45,992,000</u>	<u>48,248,270</u>	<u>2,256,270</u>
2000 Intergovernmental Revenue:			
2100 Payments from Other Governmental Units	200,000	-	(200,000)
Total Intergovernmental Revenue	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	25,000	6,215	(18,785)
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	600,000	768,058	168,058
3162 Transportation Workers' Compensation	-	53,247	53,247
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	15,100,000	15,905,853	805,853
3181 Retiree Insurance (No Carryover Provision)	\$ 3,600,000	3,805,847	\$ 205,847

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	\$ 2,073,666	2,005,469	\$ (68,197)
3312 Primary	5,707,637	5,722,223	14,586
3313 Elementary	8,942,185	8,936,881	(5,304)
3314 High School	3,572,120	3,354,113	(218,007)
3315 Trainable Mentally Handicapped	117,913	108,625	(9,288)
3316 Speech Handicapped (Part-Time Program)	1,664,174	1,802,852	138,678
3317 Homebound	31,450	38,203	6,753
3320 Part-Time Programs:			
3321 Emotionally Handicapped	177,528	168,243	(9,285)
3322 Educable Mentally Handicapped	97,260	72,943	(24,317)
3323 Learning Disabilities	3,959,454	4,012,693	53,239
3324 Hearing Handicapped	138,428	161,174	22,746
3325 Visually Handicapped	116,117	125,700	9,583
3326 Orthopedically Handicapped	71,762	60,608	(11,154)
3327 Vocational	4,095,135	4,547,855	452,720
3330 Other EFA Programs:			
3331 Autism	583,613	730,374	146,761
3332 High Achieving Students	658,255	647,010	(11,245)
3334 Limited English Proficiency	251,820	277,347	25,527
3350 Residential Treatment Facilities (RTF)			
3351 Academic Assistance	687,923	735,816	47,893
3352 Pupils in Poverty	3,608,010	3,682,110	74,100
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)	17,900,000	17,875,219	(24,781)
3830 Merchant's Inventory Tax	221,000	309,561	88,561
3840 Manufacturers Depreciation Reimbursement	1,200,000	1,534,761	334,761
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	75,000	-	(75,000)
Total Revenue from State Sources	<u>82,975,450</u>	<u>85,150,390</u>	<u>2,174,940</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 129,167,450</u>	<u>133,398,660</u>	<u>\$ 4,231,210</u>

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	\$ 4,584,636	4,441,120	\$ 143,516
200 Employee Benefits	1,955,672	1,787,533	168,139
300 Purchased Services	49,644	126,573	(76,929)
400 Supplies and Materials	56,996	54,073	2,923
112 Primary Programs:			
100 Salaries	10,692,132	11,321,210	(629,078)
200 Employee Benefits	3,937,465	4,082,170	(144,705)
300 Purchased Services	165,180	248,501	(83,321)
400 Supplies and Materials	211,102	202,387	8,715
113 Elementary Programs:			
100 Salaries	19,538,153	19,336,665	201,488
200 Employee Benefits	7,182,815	6,801,095	381,720
300 Purchased Services	243,643	394,943	(151,300)
400 Supplies and Materials	316,344	307,058	9,286
600 Other Objects	3,306	3,306	-
114 High School Programs:			
100 Salaries	12,653,510	12,627,566	25,944
200 Employee Benefits	4,677,209	4,505,474	171,735
300 Purchased Services	184,437	281,217	(96,780)
400 Supplies and Materials	350,957	341,480	9,477
600 Other Objects	1,221	1,191	30
115 Career and Technology Education Program:			
100 Salaries	2,216,648	2,155,179	61,469
200 Employee Benefits	828,818	786,580	42,238
300 Purchased Services - Other Than Tuition	29,660	37,790	(8,130)
400 Supplies and Materials	118,418	93,580	24,838
500 Capital Outlay	5,500	-	5,500
600 Other Objects	1,250	-	1,250
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	926,355	894,532	31,823
200 Employee Benefits	378,608	324,757	53,851
300 Purchased Services	9,318	20,060	(10,742)
400 Supplies and Materials	1,590	1,589	1
122 Trainable Mentally Handicapped:			
100 Salaries	227,961	302,588	(74,627)
200 Employee Benefits	99,517	125,630	(26,113)
300 Purchased Services	14,065	21,960	(7,895)
400 Supplies and Materials	\$ 1,963	2,505	\$ (542)

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
123 Orthopedically Handicapped:			
100 Salaries	\$ 61,952	47,666	\$ 14,286
200 Employee Benefits	23,070	19,520	3,550
300 Purchased Services	2,528	4,190	(1,662)
124 Visually Handicapped:			
100 Salaries	116,178	116,021	157
200 Employee Benefits	42,480	38,811	3,669
300 Purchased Services	400	-	400
125 Hearing Handicapped:			
100 Salaries	245,252	272,632	(27,380)
200 Employee Benefits	112,324	86,335	25,989
300 Purchased Services	1,250	1,465	(215)
126 Speech Handicapped:			
100 Salaries	686,085	816,199	(130,114)
200 Employee Benefits	258,371	290,570	(32,199)
400 Supplies and Materials	3,907	2,256	1,651
127 Learning Disabilities:			
100 Salaries	3,566,358	3,576,307	(9,949)
200 Employee Benefits	1,336,025	1,235,741	100,284
300 Purchased Services	34,038	54,319	(20,281)
400 Supplies and Materials	21,481	15,029	6,452
128 Emotionally Handicapped:			
100 Salaries	320,044	333,197	(13,153)
200 Employee Benefits	119,764	121,710	(1,946)
300 Purchased Services	6,219	10,118	(3,899)
400 Supplies and Materials	1,100	826	274
130 Pre-School Programs:			
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	404,226	418,607	(14,381)
200 Employee Benefits	154,311	155,256	(945)
300 Purchased Services	6,348	7,813	(1,465)
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds)			
100 Salaries	184,041	139,041	45,000
200 Employee Benefits	87,715	78,076	9,639
300 Purchased Services	3,452	6,375	(2,923)
139 Early Childhood Programs:			
100 Salaries	219,852	278,106	(58,254)
200 Employee Benefits	87,658	95,346	(7,688)
300 Purchased Services	\$ 3,446	8,532	\$ (5,086)

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	\$ 472,832	472,316	\$ 516
200 Employee Benefits	170,636	158,077	12,559
300 Purchased Services	-	630	(630)
400 Supplies and Materials	105,132	479	104,653
143 Advanced Placement:			
400 Supplies and Materials	796	795	1
145 Homebound:			
100 Salaries	300,000	188,014	111,986
200 Employee Benefits	73,620	43,824	29,796
300 Purchased Services	38,400	32,573	5,827
149 Other Special Programs:			
100 Salaries	101,724	101,333	391
200 Employee Benefits	36,274	32,801	3,473
300 Purchased Services	360	360	-
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	321,000	328,034	(7,034)
200 Employee Benefits	133,157	112,909	20,248
300 Purchased Services	1,808	3,286	(1,478)
400 Supplies and Materials	500	508	(8)
170 Summer School Programs:			
173 High School Summer School:			
100 Salaries	4,501	-	4,501
200 Employee Benefits	1,099	-	1,099
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	77,575	84,541	(6,966)
200 Employee Benefits	27,377	31,289	(3,912)
300 Purchased Services	810	499	311
400 Supplies and Materials	5,564	5,872	(308)
600 Other Objects	525	176	349
187 Adult Education - Remedial:			
100 Salaries	9,668	9,985	(317)
200 Employee Benefits	2,860	3,574	(714)
188 Parenting/Family Literacy:			
100 Salaries	120,917	110,342	10,575
200 Employee Benefits	59,777	52,998	6,779
300 Purchased Services	10,877	16,060	(5,183)
400 Supplies and Materials	9,795	8,201	1,594
Total Instruction	<u>\$ 81,861,552</u>	<u>81,659,852</u>	<u>\$ 201,700</u>

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	\$ 758,430	742,655	\$ 15,775
200 Employee Benefits	322,174	289,783	32,391
300 Purchased Services	8,413	6,858	1,555
400 Supplies and Materials	7,058	5,794	1,264
600 Other Objects	388	-	388
212 Guidance Services:			
100 Salaries	2,516,473	2,570,651	(54,178)
200 Employee Benefits	924,154	905,800	18,354
300 Purchased Services	(965)	3,306	(4,271)
400 Supplies and Materials	35,427	28,871	6,556
600 Other Objects	1,077	819	258
213 Health Services:			
100 Salaries	908,647	1,100,677	(192,030)
200 Employee Benefits	345,896	387,221	(41,325)
300 Purchased Services	51,402	93,943	(42,541)
400 Supplies and Materials	30,294	31,018	(724)
600 Other Objects	2,122	1,998	124
214 Psychological Services:			
100 Salaries	880,547	912,045	(31,498)
200 Employee Benefits	307,984	304,349	3,635
300 Purchased Services	18,023	-	18,023
400 Supplies and Materials	2,064	-	2,064
215 Exceptional Program Services:			
100 Salaries	-	62,476	(62,476)
200 Employee Benefits	-	19,449	(19,449)
216 Vocational Placement Services:			
100 Salaries	12,850	9,150	3,700
200 Employee Benefits	3,153	2,235	918
300 Purchased Services	14,389	13,683	706
400 Supplies and Materials	6,435	6,433	2
600 Other Objects	545	546	(1)
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	1,248,234	1,198,853	49,381
200 Employee Benefits	403,594	385,361	18,233
300 Purchased Services	259,808	324,549	(64,741)
400 Supplies and Materials	53,487	46,927	6,560
600 Other Objects	72,433	70,037	2,396
222 Library and Media Services:			
100 Salaries	1,551,345	1,543,440	7,905
200 Employee Benefits	557,030	532,964	24,066
300 Purchased Services	6,599	14,676	(8,077)
400 Supplies and Materials	\$ 149,597	149,831	\$ (234)

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
223 Supervision of Special Programs:			
100 Salaries	\$ 62,218	170,787	\$ (108,569)
200 Employee Benefits	27,794	71,708	(43,914)
300 Purchased Services	53,366	23,903	29,463
400 Supplies and Materials	15,967	12,049	3,918
600 Other Objects	250	450	(200)
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	338,740	442,682	(103,942)
200 Employee Benefits	121,020	162,431	(41,411)
300 Purchased Services	131,526	110,321	21,205
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	50,700	50,700	-
200 Employee Benefits	38,663	33,286	5,377
300 Purchased Services	182,702	189,693	(6,991)
318 Audit Services	74,991	91,840	(16,849)
400 Supplies and Materials	1,900	497	1,403
600 Other Objects	40,417	40,746	(329)
232 Office of Superintendent:			
100 Salaries	273,352	272,175	1,177
200 Employee Benefits	79,538	73,566	5,972
300 Purchased Services	17,817	9,915	7,902
400 Supplies and Materials	7,792	2,112	5,680
600 Other Objects	25,123	28,566	(3,443)
233 School Administration:			
100 Salaries	7,431,928	7,334,065	97,863
140 Terminal Leave	-	20,218	(20,218)
200 Employee Benefits	2,709,974	2,587,650	122,324
300 Purchased Services	214,229	181,638	32,591
400 Supplies and Materials	328,966	308,853	20,113
600 Other Objects	23,624	19,027	4,597
250 Finance and Operations Services:			
251 Student Transportation (Federal/District Mandated):			
100 Salaries	276	32,745	(32,469)
200 Employee Benefits	186	8,389	(8,203)
300 Purchased Services	1,851	44,986	(43,135)
252 Fiscal Services:			
100 Salaries	669,919	666,028	3,891
200 Employee Benefits	240,322	225,391	14,931
300 Purchased Services	77,300	76,002	1,298
400 Supplies and Materials	28,103	15,690	12,413
600 Other Objects	\$ 2,200	30,245	\$ (28,045)

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
254 Operation and Maintenance of Plant:			
100 Salaries	\$ 4,247,076	4,185,921	\$ 61,155
140 Terminal Leave	-	9,326	(9,326)
200 Employee Benefits	1,749,105	1,659,732	89,373
300 Purchased Services	4,420,030	4,675,435	(255,405)
400 Supplies and Materials	4,463,835	5,655,523	(1,191,688)
500 Capital Outlay	-	6,406	(6,406)
600 Other Objects	6,400	5,186	1,214
255 Student Transportation (State Mandated):			
100 Salaries	2,743,447	2,512,882	230,565
200 Employee Benefits	1,020,132	980,186	39,946
300 Purchased Services	61,058	60,049	1,009
400 Supplies and Materials	12,238	14,770	(2,532)
500 Capital Outlay	9,549	7,500	2,049
600 Other Objects	2,833	3,043	(210)
257 Internal Services:			
100 Salaries	411,743	411,817	(74)
200 Employee Benefits	148,189	142,332	5,857
300 Purchased Services	525,867	323,053	202,814
400 Supplies and Materials	6,918	7,055	(137)
600 Other Objects	685	1,460	(775)
258 Security:			
100 Salaries	73,421	85,094	(11,673)
200 Employee Benefits	24,462	26,356	(1,894)
300 Purchased Services	174,475	175,822	(1,347)
400 Supplies and Materials	10,450	11,099	(649)
600 Other Objects	500	720	(220)
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
100 Salaries	399,706	401,271	(1,565)
200 Employee Benefits	119,119	120,990	(1,871)
300 Purchased Services	88,859	77,263	11,596
400 Supplies and Materials	22,502	26,642	(4,140)
500 Capital Outlay	13,735	3,735	10,000
600 Other Objects	1,000	392	608
263 Information Services:			
100 Salaries	105,486	107,486	(2,000)
140 Terminal Leave	-	3,233	(3,233)
200 Employee Benefits	32,280	32,447	(167)
300 Purchased Services	30,356	29,526	830
400 Supplies and Materials	2,364	2,302	62
600 Other Objects	\$ 19,116	18,412	\$ 704

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
264 Staff Services:			
100 Salaries	\$ 478,766	350,226	\$ 128,540
140 Terminal Leave	-	690	(690)
200 Employee Benefits	146,586	122,458	24,128
300 Purchased Services	97,046	97,311	(265)
400 Supplies and Materials	26,330	26,164	166
600 Other Objects	1,120	944	176
266 Technology and Data Processing Services:			
100 Salaries	1,183,290	1,174,224	9,066
140 Terminal Leave	-	1,241	(1,241)
200 Employee Benefits	460,218	447,176	13,042
300 Purchased Services	638,632	514,804	123,828
400 Supplies and Materials	306,177	295,741	10,436
500 Capital Outlay	16,184	16,181	3
600 Other Objects	-	176	(176)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	1,755,185	1,469,683	285,502
200 Employee Benefits (Optional)	396,889	362,960	33,929
300 Purchased Services (Optional)	29,975	79,472	(49,497)
400 Supplies and Materials (Optional)	197,250	221,802	(24,552)
600 Other Objects (Optional)	162,804	115,519	47,285
Total Support Services	<u>51,575,249</u>	<u>52,185,990</u>	<u>(610,741)</u>
300 Community Services:			
390 Other Community Services:			
100 Salaries	93,666	93,666	-
200 Employee Benefits	29,379	28,974	405
300 Purchased Services	20,634	38,644	(18,010)
400 Supplies and Materials	16,965	17,264	(299)
600 Other Objects	90	-	90
Total Community Services	<u>160,734</u>	<u>178,548</u>	<u>(17,814)</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	-	9,843	(9,843)
412 Payments to Other Governmental Units			
720 Transits	105,000	51,947	53,053
416 Payments to Public Charter Schools			
720 Transits	200,000	199,920	80
Total Intergovernmental Expenditures	<u>\$ 305,000</u>	<u>261,710</u>	<u>\$ 43,290</u>

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
500 Debt Service:			
610 Principal Payments - Capital Lease	\$ 800,000	589,344	\$ 210,656
620 Interest	-	331,156	(331,156)
Total Debt Service	<u>800,000</u>	<u>920,500</u>	<u>(120,500)</u>
TOTAL EXPENDITURES	<u>134,702,535</u>	<u>135,206,600</u>	<u>(504,065)</u>
OTHER FINANCING SOURCES (USES)			
5300 Proceeds from the Sale of Capital Assets	50,000	37,032	(12,968)
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	3,260,000	3,437,844	177,844
5280 Transfer from Other Funds Indirect Costs	1,050,000	418,990	(631,010)
425-710 Transfer to Food Service Fund	(200,000)	(208,787)	(8,787)
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,160,000</u>	<u>3,685,079</u>	<u>(474,921)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,375,085)	1,877,139	3,252,224
FUND BALANCES, Beginning of Year	<u>23,095,809</u>	<u>23,095,809</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 21,720,724</u>	<u>24,972,948</u>	<u>\$ 3,252,224</u>

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SPECIAL PROJECTS FUNDS

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

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

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

The following schedules for the Special Revenue Funds have been prepared in the format mandated by the South Carolina 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, 2015

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
REVENUES		
1000 Revenue from Local Sources:		
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	\$ -	-
1930 Medicaid	-	-
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:		
3110 Occupational Education:		
3118 EEDA Career Specialist	-	-
3120 General Education:		
3127 Student Health and Fitness - PE Teachers	-	-
3130 Special Programs:		
3135 Reading Coaches	-	-
3136 Student Health and Fitness - Nurses	-	-
3177 Summer Reading Camp	-	-
3190 Miscellaneous Restricted State Grants:		
3193 Education License Plates	-	-
3198 Technology Professional Development	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3607 6-8 Enhancement (Carryover Provision)	-	-
3610 K-5 Enhancement (Carryover Provision)	-	-
3620 Digital Instructional Materials	-	-
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	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	3,962,334	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4430 State Literacy Resource	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	9,937	-	56,991	\$ 66,928
-	-	-	-	758,058	758,058
-	-	-	-	2,470,346	2,470,346
-	-	9,937	-	3,285,395	3,295,332
-	-	-	-	248,304	248,304
-	-	-	-	248,304	248,304
-	-	-	642,763	-	642,763
-	-	-	39,851	-	39,851
-	-	-	608,125	-	608,125
-	-	-	394,314	-	394,314
-	-	-	44,029	-	44,029
-	-	-	3,516	-	3,516
-	-	-	94,440	-	94,440
-	-	-	42,344	2,658	45,002
-	-	-	36,681	-	36,681
-	-	-	521,923	-	521,923
-	-	-	251,767	-	251,767
-	-	-	219,852	-	219,852
-	-	-	2,899,605	2,658	2,902,263
-	214,681	-	-	-	214,681
-	-	-	-	358,405	4,320,739
-	-	-	-	88,551	88,551
-	-	-	-	473,962	473,962
-	-	118,624	-	-	118,624
-	-	6,000	-	-	\$ 6,000

(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, 2015

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	\$ -	3,620,764
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4940 SC School Climate Initiative	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>3,962,334</u>	<u>3,620,764</u>
TOTAL REVENUE ALL SOURCES	<u>3,962,334</u>	<u>3,620,764</u>

EXPENDITURES

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
112 Primary Programs:		
100 Salaries	856,982	-
200 Employee Benefits	316,282	-
300 Purchased Services	43,650	-
400 Supplies and Materials	56,148	-
113 Elementary Programs:		
100 Salaries	112,570	-
200 Employee Benefits	44,173	-
300 Purchased Services	-	-
400 Supplies and Materials	17,529	-
500 Capital Outlay	-	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
115 Career and Technology Education Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	4,543
200 Employee Benefits	-	1,438
300 Purchased Services	-	3,308
122 Trainable Mentally Handicapped:		
100 Salaries	-	609,539
200 Employee Benefits	-	277,312
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	73,000	\$ 3,693,764
163,928	-	-	-	-	163,928
-	-	-	-	34,922	34,922
-	-	-	-	227,507	227,507
163,928	214,681	124,624	-	1,256,347	9,342,678
163,928	214,681	134,561	2,899,605	4,792,704	15,788,577
-	-	-	-	56,791	56,791
-	-	-	-	28,355	28,355
-	-	-	-	526	526
-	-	-	137,211	1,564,679	2,558,872
-	-	-	48,919	369,942	735,143
-	-	-	-	168,307	211,957
-	-	-	-	56,802	112,950
-	-	-	280,538	124,655	517,763
-	-	-	95,106	40,764	180,043
-	-	-	-	20,445	20,445
-	-	-	195,041	40,817	253,387
-	-	-	-	5,840	5,840
-	-	-	-	188,734	188,734
-	-	-	-	18,363	18,363
-	-	-	-	3,000	3,000
-	-	-	65,851	10,277	76,128
-	2,310	-	-	407	2,717
-	197	-	-	92	289
-	16,146	-	-	3,239	19,385
-	-	-	-	-	4,543
-	-	-	-	3,873	5,311
-	-	-	-	16,479	19,787
-	-	-	-	16,538	626,077
-	-	-	-	3,926	281,238
-	-	-	-	2,438	2,438
-	-	-	-	2,658	\$ 2,658

(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, 2015

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
123 Orthopedically Handicapped:		
100 Salaries	\$ -	45,505
200 Employee Benefits	-	15,290
124 Visually Handicapped:		
100 Salaries	-	56,070
200 Employee Benefits	-	17,859
300 Purchased Services	-	2,156
125 Hearing Handicapped:		
100 Salaries	-	88,070
200 Employee Benefits	-	39,497
126 Speech Handicapped:		
100 Salaries	-	195,186
200 Employee Benefits	-	68,415
300 Purchased Services	-	3,133
400 Supplies and Materials	-	-
127 Learning Disabilities:		
100 Salaries	-	687,506
200 Employee Benefits	-	256,638
300 Purchased Services	-	4,735
400 Supplies and Materials	-	44,583
128 Emotionally Handicapped:		
100 Salaries	-	132,102
200 Employee Benefits	-	61,860
300 Purchased Services	-	-
130 Pre-School Programs:		
133 Pre-School Handicapped Self-Contained (5-Yr. Olds):		
300 Purchased Services	-	-
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	19,851
200 Employee Benefits	-	8,992
300 Purchased Services	-	1,078
139 Early Childhood Programs:		
100 Salaries	393,654	-
200 Employee Benefits	143,330	-
300 Purchased Services	-	-
400 Supplies and Materials	14,285	-
140 Special Programs:		
145 Homebound:		
300 Purchased Services	-	-
149 Other Special Programs:		
100 Salaries	-	19,829
200 Employee Benefits	\$ -	6,631

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	\$ 45,505
-	-	-	-	-	15,290
-	-	-	-	-	56,070
-	-	-	-	-	17,859
-	-	-	-	-	2,156
-	-	-	-	-	88,070
-	-	-	-	-	39,497
-	-	-	-	-	195,186
-	-	-	-	-	68,415
-	-	-	-	-	3,133
-	-	-	-	224	224
-	-	-	-	20,085	707,591
-	-	-	-	5,046	261,684
-	-	-	-	994	5,729
-	-	-	-	-	44,583
-	-	-	-	-	132,102
-	-	-	-	1,568	63,428
-	-	-	-	821	821
-	-	-	-	1,125	1,125
119,830	-	-	-	2,181	141,862
39,503	-	-	-	687	49,182
-	-	-	-	845	1,923
-	-	-	-	54,948	448,602
-	-	-	-	25,464	168,794
-	-	-	-	1,472	1,472
-	-	-	-	-	14,285
-	-	-	-	42,668	42,668
-	-	-	-	-	19,829
-	-	-	-	-	\$ 6,631

(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, 2015

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	\$ -	41,350
200 Employee Benefits	-	13,890
300 Purchased Services	-	2,111
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	73,797	-
200 Employee Benefits	17,841	-
300 Purchased Services	2,546	-
400 Supplies and Materials	2,911	-
172 Elementary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	2,112	-
200 Employee Benefits	502	-
400 Supplies and Materials	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
188 Parenting/Family Literacy:		
100 Salaries	125,172	-
200 Employee Benefits	60,365	-
300 Purchased Services	18	-
400 Supplies and Materials	33,097	-
190 Instructional Pupil Activity:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
Total Instruction	\$ 2,316,964	2,728,477

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	\$ 41,350
-	-	-	-	-	13,890
-	-	-	-	3,844	5,955
-	-	-	15,385	-	89,182
-	-	-	3,801	-	21,642
-	-	-	-	-	2,546
-	-	-	16,390	-	19,301
-	-	-	13,428	10,631	24,059
-	-	-	3,188	2,494	5,682
-	-	-	8,188	-	8,188
-	-	-	3,506	82,534	88,152
-	-	-	814	16,400	17,716
-	-	-	-	14,554	14,554
-	-	55,594	-	-	55,594
-	-	12,914	-	-	12,914
-	-	298	-	-	298
-	-	2,614	-	-	2,614
-	-	27,951	30,654	-	58,605
-	-	6,787	10,342	-	17,129
-	-	1,016	938	1,490	3,444
-	-	16,016	-	-	16,016
-	-	1,366	-	-	1,366
-	-	3,684	-	-	3,684
-	-	-	-	104,329	229,501
-	-	-	-	45,846	106,211
-	-	-	-	4,249	4,267
-	-	-	-	-	33,097
-	-	-	440	-	440
-	-	-	102	-	102
-	-	-	141	-	141
<u>159,333</u>	<u>18,653</u>	<u>128,240</u>	<u>929,983</u>	<u>3,192,446</u>	<u>\$ 9,474,096</u>

(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, 2015

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
200 Support Services:		
210 Pupil Services:		
212 Guidance Services:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
213 Health Services:		
100 Salaries	-	343,155
200 Employee Benefits	-	119,052
300 Purchased Services	-	1,340
400 Supplies and Materials	-	9,000
214 Psychological Services:		
100 Salaries	-	101,586
200 Employee Benefits	-	29,012
300 Purchased Services	-	10,531
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	-	-
223 Supervision of Special Programs:		
100 Salaries	108,008	110,521
200 Employee Benefits	36,368	36,343
300 Purchased Services	342,784	4,130
400 Supplies and Materials	17,105	25,000
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	661,863	-
200 Employee Benefits	209,583	-
300 Purchased Services	8,956	-
400 Supplies and Materials	136,839	-
500 Capital Outlay	-	-
230 General Administration Services:		
233 School Administration:		
300 Purchased Services	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	5,522	-
200 Employee Benefits	1,171	-
300 Purchased Services	4,006	-
600 Other Objects	-	-
253 Facilities Acquisition and Construction:		
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	117,091	-	480,061	-	\$ 597,152
-	40,684	-	162,702	-	203,386
-	4,907	-	-	-	4,907
-	-	-	294,749	-	637,904
-	-	-	99,565	-	218,617
-	-	-	-	16,695	18,035
-	-	-	-	-	9,000
-	-	-	-	-	101,586
-	-	-	-	-	29,012
-	-	-	-	-	10,531
-	-	-	-	39,540	39,540
-	-	-	-	11,862	11,862
-	-	-	-	2,429	2,429
-	-	-	-	647	647
-	-	-	-	116,044	116,044
-	-	-	-	42,249	42,249
-	-	-	138,295	-	138,295
-	-	-	-	59,913	278,442
-	-	-	-	14,136	86,847
-	-	3,546	409	74,501	425,370
-	-	-	-	-	42,105
-	-	-	507,277	28,542	1,197,682
-	-	-	186,546	6,662	402,791
-	9,848	-	14,793	85,771	119,368
-	-	-	-	31,333	168,172
-	-	-	-	5,620	5,620
-	-	-	-	11,874	11,874
-	-	-	-	4,875	10,397
-	-	-	-	-	1,171
-	-	-	-	5,119	9,125
-	-	-	-	17,988	17,988
-	-	-	-	2,934	\$ 2,934

(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, 2015

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
254 Operation and Maintenance of Plant:		
300 Purchased Services	\$ -	-
258 Security:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
260 Central Support Services:		
264 Staff Services:		
300 Purchased Services	-	-
266 Technology and Data Processing Services:		
400 Supplies and Materials	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries (Optional)	-	-
200 Employee Benefits (Optional)	-	-
600 Other Objects (Optional)	-	-
Total Support Services	<u>1,532,205</u>	<u>789,670</u>
300 Community Services:		
360 Welfare Services:		
400 Supplies and Materials	-	-
390 Other Community Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
Total Community Services	<u>-</u>	<u>-</u>
410 Intergovernmental Expenditures:		
411 Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,849,169</u>	<u>3,518,147</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(113,165)	(102,617)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(113,165)</u>	<u>(102,617)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCES, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ -</u>	<u>-</u>

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	2,496	\$ 2,496
-	-	-	-	13,609	13,609
-	-	-	-	1,391	1,391
-	-	-	-	3,561	3,561
-	-	-	81,556	7,000	88,556
-	328	-	2,980	1,258	4,566
-	77	-	689	224	990
-	17,093	-	-	8,621	25,714
-	190,028	3,546	1,969,622	616,894	5,101,965
-	-	-	-	56,599	56,599
-	-	-	-	5,669	5,669
-	-	-	-	26,361	26,361
-	-	-	-	88,629	88,629
-	-	-	-	217,390	217,390
-	-	-	-	217,390	217,390
159,333	208,681	131,786	2,899,605	4,115,359	14,882,080
(4,595)	(6,000)	(2,775)	-	(7,729)	(236,881)
(4,595)	(6,000)	(2,775)	-	(7,729)	(236,881)
-	-	-	-	669,616	669,616
-	-	-	-	239,185	239,185
-	-	-	-	908,801	\$ 908,801

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2015

OTHER DESIGNATED RESTRICTED STATE GRANTS

918	Technology Professional Development
919	Education License Plates
926	Summer Reading Camp
928	EEDA Career Specialists
935	Reading Coaches
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
955	Other Restricted State Grants
960	K-5 Enhancement (Carryover Provision)
963	Technology Initiative
965	Digital Instructional Materials
967	6-8 Enhancement (Carryover Provision)

OTHER SPECIAL REVENUE PROGRAMS

221	Title I (Neglected and Delinquent)
237	Title I Focus Schools
240	SC School Climate Initiative
264	Language Instruction for Limited English Proficient and Immigrant Students, Title III
267	Improving Teacher Quality (Carryover Provision)
280	Medicaid
291	Attendance Make-Up
292	Adult Education Local
295	ROTC
298	ATC House Project
801	After School Program
802	Sylvia Circle Tuition
815	Carroll School
822	Extended School Year
826	Summer School High School
827	JSCG Grant
832	Professional Development
833	Arts in Education - Northside
858	Toolbox for Education
861	Great Outdoors
862	York County First Steps
864	Community Services - Transportation
866	Misc State Restricted
867	Misc Federal
869	Back the Pack
870	First Steps Parent Smart Grant
873	Sisters of Mercy of N.C. Foundation
879	Special Needs Transportation
880	Profoundly Mentally Disabled
881	NIST
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, 2015

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Unearned
					Interfund Transfers In (Out)	Other Fund Transfers In (Out)	
918	3198	Technology Professional Development	\$ 94,440	94,440	-	-	\$ -
919	3193	Education License Plates	3,516	3,516	-	-	-
926	3177	Summer Reading Camp	44,029	44,029	-	-	85,553
928	3118	EEDA Career Specialists	642,763	642,763	-	-	119,287
935	3135	Reading Coaches	608,125	608,125	-	-	176,000
936	3136	Student Health and Fitness - Nurses	394,314	394,314	-	-	-
937	3127	Student Health and Fitness - PE Teachers	39,851	39,851	-	-	130,009
955	3199	Other Restricted State Grants	42,344	42,344	-	-	2,858
960	3610	K-5 Enhancement (Carryover Provision)	521,923	521,923	-	-	-
963	3630	K-12 Technology Initiative	219,852	219,852	-	-	374,449
965	3620	Digital Instructional Materials	251,767	251,767	-	-	31,613
967	3607	6-8 Enhancement (Carryover Provision)	36,681	36,681	-	-	44,278
Totals			\$ 2,899,605	2,899,605	-	-	\$ 964,047

**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, 2015

	<u>ACTUAL</u>
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 12,744
3504 Level Data	21,502
3509 Arts in Education	39,611
3511 Professional Development	146,112
3518 Formative Assessment	80,804
3525 Career and Technology Education Equipment	141,804
3526 Refurbishment of K- Science Kits	120,138
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	1,660,865
3533 Teacher of the Year Awards	10,765
3538 Student at Risk of School Failure	1,503,344
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	631,116
3544 High Achieving Students	193,184
3550 Teacher Salary Increase (No Carryover Provision)	2,930,798
3555 School Employer Contributions (No Carryover Provision)	507,046
3556 Adult Education	485,629
3558 Reading	58,334
3577 Teacher Supplies (No Carryover Provision)	315,250
3578 High Schools That Work / Making Middle Grades Work	37,728
3592 Work-Based Learning	65,421
3594 EEDA At Risk Supplemental Programs	125,183
3595 EEDA - Supplies and Materials - Career Awareness	13,345
3597 Aid to Districts	1,021,274
Total Revenue from State Sources	<u>10,121,997</u>
 TOTAL REVENUE ALL SOURCES	 <u>10,121,997</u>
 EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	68,911
200 Employee Benefits	26,171
112 Primary Programs:	
100 Salaries	417,904
200 Employee Benefits	137,005
300 Purchased Services	62,138
400 Supplies and Materials	\$ 127,086

(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, 2015

	<u>ACTUAL</u>
113 Elementary Programs:	
100 Salaries	\$ 619,613
200 Employee Benefits	162,184
300 Purchased Services	25,172
400 Supplies and Materials	197,394
600 Other Objects	545
114 High School Programs:	
100 Salaries	455,649
200 Employee Benefits	118,586
300 Purchased Services	172,012
400 Supplies and Materials	74,637
115 Career and Technology Education Program:	
100 Salaries	67,145
200 Employee Benefits	15,568
400 Supplies and Materials	106,184
500 Capital Outlay	44,620
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	29,639
200 Employee Benefits	10,171
300 Purchased Services	803
400 Supplies and Materials	750
122 Trainable Mentally Handicapped:	
100 Salaries	49,721
200 Employee Benefits	21,375
300 Purchased Services	1,465
400 Supplies and Materials	4,994
123 Orthopedically Handicapped:	
300 Purchased Services	90,274
400 Supplies and Materials	3,151
124 Visually Handicapped:	
400 Supplies and Materials	14,311
125 Hearing Handicapped:	
300 Purchased Services	25,218
126 Speech Handicapped:	
100 Salaries	51,489
200 Employee Benefits	16,853
300 Purchased Services	256,681
400 Supplies and Materials	6,250
600 Other Objects	\$ 4,061

(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, 2015

	<u>ACTUAL</u>
127 Learning Disabilities:	
100 Salaries	\$ 94,921
200 Employee Benefits	21,960
400 Supplies and Materials	72,134
128 Emotionally Handicapped:	
100 Salaries	7,500
200 Employee Benefits	1,750
400 Supplies and Materials	1,250
130 Pre-School Programs:	
133 Preschool Handicapped Self- Contained (5Yr. Olds)	
400 Supplies and Materials	250
137 Preschool Handicapped Self-Contained (3-and 4-Yr.Olds):	
400 Supplies and Materials	2,840
139 Early Childhood Programs:	
100 Salaries	385,323
200 Employee Benefits	146,621
300 Purchased Services	14,783
400 Supplies and Materials	49,164
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	7,500
200 Employee Benefits	1,755
300 Purchased Services	50,660
400 Supplies and Materials	5,145
143 Advanced Placement:	
400 Supplies and Materials	54,157
145 Homebound:	
300 Purchased Services	48,755
148 Gifted and Talented - Artistic:	
300 Purchased Services	64,660
400 Supplies and Materials	2,867
170 Summer School Programs:	
171 Primary Summer School:	
400 Supplies and Materials	497
172 Elementary Summer School:	
100 Salaries	13,331
200 Employee Benefits	2,816
173 High School Summer School:	
100 Salaries	5,544
200 Employee Benefits	\$ 1,319

(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, 2015

	<u>ACTUAL</u>
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	\$ 35,193
200 Employee Benefits	7,742
400 Supplies and Materials	1,000
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	26,542
200 Employee Benefits	6,509
400 Supplies and Materials	2,677
182 Adult Secondary Education Programs:	
100 Salaries	10,393
200 Employee Benefits	2,539
400 Supplies and Materials	4,740
188 Parenting/Family Literacy:	
100 Salaries	91,161
200 Employee Benefits	37,606
Total Instruction	<u>4,769,334</u>
200 Support Services:	
210 Pupil Services:	
211 Attendance and Social Work Services:	
100 Salaries	79,554
200 Employee Benefits	31,717
212 Guidance Services:	
100 Salaries	201,034
200 Employee Benefits	61,948
300 Purchased Services	19,507
400 Supplies and Materials	30,782
213 Health Services:	
300 Purchased Services	165,774
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	349,499
200 Employee Benefits	120,333
300 Purchased Services	176
400 Supplies and Materials	7,912
222 Library and Media:	
100 Salaries	22,500
200 Employee Benefits	5,269
400 Supplies and Materials	\$ 6,000

(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, 2015

	<u>ACTUAL</u>
223 Supervision of Special Programs:	
100 Salaries	\$ 333,637
200 Employee Benefits	93,228
300 Purchased Services	8,956
400 Supplies and Materials	3,353
224 Improvement of Instruction-Curriculum Development:	
100 Salaries	43,523
200 Employee Benefits	10,353
300 Purchased Services	236,720
400 Supplies and Materials	4,179
230 General Administration Services:	
233 School Administration:	
100 Salaries	25,566
200 Employee Benefits	12,686
300 Purchased Services	1,408
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
300 Purchased Services	8,807
260 Central Support Services:	
266 Technology and Data Processing Services:	
300 Purchased Services	21,502
270 Support Services - Pupil Activity:	
271 Pupil Services Activities:	
100 Salaries (Optional)	850
200 Employee Benefits (Optional)	200
300 Purchased Services (Optional)	3,500
600 Other Objects (Optional)	4,346
Total Support Services	<u>1,914,819</u>
TOTAL EXPENDITURES	<u>6,684,153</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(3,437,844)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,437,844)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2015

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 12,744	12,744	-	-	\$ -
3504 Level Data Reimbursement	21,502	21,502	-	-	3,000
3505 Technology Support	-	-	-	-	10,000
3509 Arts in Education	39,611	39,611	-	-	1,088
3511 Professional Development	146,112	146,112	-	-	38,749
3518 Formative Assessment	80,804	80,804	-	-	-
3525 Career and Technology Education Equipment	141,804	141,804	-	-	10,362
3526 Refurbishment of K-8 Science Kits	120,138	120,138	-	-	635
3532 National Board Certification (No Carryover Provision)	1,660,865	1,660,865	-	-	-
3533 Teacher of the Year Awards	10,765	10,765	-	-	-
3538 Student at Risk of School Failure	1,503,344	1,503,344	-	-	369,698
3540 Early Childhood Programs (4K Programs Serving Four-Year Old Children)	631,116	631,116	-	-	264,080
3544 High Achieving Students	193,184	193,184	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	2,930,798	-	-	(2,930,798)	-
3555 School Employer Contributions (No Carryover Provision)	507,046	-	-	(507,046)	-
3556 Adult Education	485,629	485,629	-	-	9,952
3558 Reading	58,334	58,334	-	-	19,673
3577 Teacher Supplies (No Carryover Provision)	315,250	315,250	-	-	-
3578 High Schools That Work / Making Middle Grades Work	37,728	37,728	-	-	30,421
3592 Work-Based Learning	65,421	65,421	-	-	-
3594 EEDA At Risk Supplemental Programs	125,183	125,183	-	-	-
3595 EEDA - Supplies and Materials - Career Awareness	13,345	13,345	-	-	17,760
3597 Aid to Districts	1,021,274	1,021,274	-	-	3,478
Totals	\$ 10,121,997	6,684,153	-	(3,437,844)	\$ 778,896

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

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

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

<u>Program</u>	<u>Project/ Grant Number</u>	<u>Revenue & Subfund Code</u>	<u>Description</u>	<u>Amount Due to State Dept. of Education or Federal Government</u>	<u>Status of Amount Due to Grantors</u>
			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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DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2015

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 21,011,656
1140 Penalties & Interest on Taxes (Independent)	866,569
1500 Earnings on Investments:	
1510 Interest on Investments	46,135
Total Revenue from Local Sources	<u>21,924,360</u>
2000 Intergovernmental Revenue:	
2100 Payments from Other Governmental Units	17,000
Total Intergovernmental Revenue	<u>17,000</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	795,325
3830 Merchant's Inventory Tax	107,676
3840 Manufacturers Depreciation Reimbursement	491,700
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	33,629
Total Revenue from State Sources	<u>1,428,330</u>
TOTAL REVENUE ALL SOURCES	<u>23,369,690</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	16,282,000
620 Interest	5,440,445
690 Other Objects (Includes Fees for Servicing Bonds)	214,560
Total Debt Service	<u>21,937,005</u>
TOTAL EXPENDITURES	<u>21,937,005</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	5,691,040
5130 Issuance of General Obligation Refunding Bonds	53,810,000
441-720 Payment to Refunded Debt Escrow Agent	(59,291,598)
Interfund Transfers, From (To) Other Funds:	
5250 Transfer from Capital Projects Fund	70,163
TOTAL OTHER FINANCING SOURCES (USES)	<u>279,605</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	1,712,290
FUND BALANCE, Beginning of Year	<u>13,269,679</u>
FUND BALANCE, End of Year	<u>\$ 14,981,969</u>

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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, 2015

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 24,520
1900 Other Revenue from Local Sources:	
1950 Refund of Prior Year's Expenditures (Include Only if Expenditure Occurred Last Year and the refund this year.)	4,515
Total Revenue from Local Sources	<u>29,035</u>
TOTAL REVENUE ALL SOURCES	<u>29,035</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	1,419,683
400 Supplies and Materials	1,092,596
500 Capital Outlay:	
510 Land	7,940
520 Construction Services	967,573
530 Improvements Other Than Buildings	303,230
540 Equipment	375,757
545 Technology, Equipment and Software	21,809
550 Vehicles	266,140
Total Support Services	<u>4,454,728</u>
500 Debt Service:	
690 Other Objects	72,816
Total Debt Service	<u>72,816</u>
TOTAL EXPENDITURES	<u>4,527,544</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	566,357
5120 Issuance of General Obligation Bonds	5,000,000
5300 Sale of Capital Assets	2,200
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service Fund	(70,163)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,498,394</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	999,885
FUND BALANCE, Beginning of Year	<u>5,541,666</u>
FUND BALANCE, End of Year	<u>\$ 6,541,551</u>

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PROPRIETARY FUND

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

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

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

ENTERPRISE FUND - FOOD SERVICE FUND

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

YEAR ENDED JUNE 30, 2015

	<u>ACTUAL</u>
REVENUES	
1000 Revenues from Local Sources:	
1600 Food Service:	
1610 Lunch Sales to Pupils	\$ 992,400
1620 Breakfast Sales to Pupils	102,924
1630 Special Sales to Pupils	402,130
1640 Lunch Sales to Adults	85,146
1650 Breakfast Sales to Adults	3,918
1660 Special Sales to Adults	9,522
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	75,983
Total Revenue from Local Sources	<u>1,672,023</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	1,156
Total Revenue from State Sources	<u>1,156</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	4,333,936
4830 School Breakfast Program	1,250,165
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	492,567
Total Revenue from Federal Sources	<u>6,076,668</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 7,749,847</u>

(Continued)

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

ENTERPRISE FUND - FOOD SERVICE FUND

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

YEAR ENDED JUNE 30, 2015

	ACTUAL
EXPENSES	
256 Food Service:	
100 Salaries	\$ 1,090,711
200 Employee Benefits	476,843
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	5,408,044
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	516,183
500 Capital Outlay	177,682
600 Other Objects	5,239
Total Food Services Expenses	<u>7,674,702</u>
TOTAL EXPENSES	<u>7,674,702</u>
OTHER FINANCING SOURCES (USES)	
5300 Sale of Capital Assets	5,974
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	208,787
432-791 Food Service Fund Indirect Costs	(182,109)
TOTAL OTHER FINANCING SOURCES (USES)	<u>32,652</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	107,797
TOTAL NET POSITION, Beginning of Year, as Previously Reported	4,335,490
Cumulative Change in Accounting Principle - GASB #68/71	(1,947,889)
TOTAL NET POSITION, Beginning of Year, Restated	<u>2,387,601</u>
FUND NET POSITION, End of Year	<u>\$ 2,495,398</u>

FIDUCIARY FUND

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

The following individual fund schedules have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the 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, 2015

	ACTUAL
RECEIPTS	
1000 Receipts from Local Sources:	
1700 Pupil Activities:	
1710 Admissions	\$ 526,988
1720 Bookstore Sales	538
1730 Pupil Organization Membership Dues and Fees	144,219
1740 Student Fees	246,680
1790 Other	2,580,580
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	208
Total Receipts from Local Sources	<u>3,499,213</u>
TOTAL RECEIPTS ALL SOURCES	<u>3,499,213</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
400 Supplies and Materials (Optional)	27,473
600 Other Objects (Optional)	273
Total Instruction	<u>27,746</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	224,865
200 Employee Benefits (Optional)	44,458
300 Purchased Services (Optional)	413,804
400 Supplies and Materials (Optional)	1,918,145
500 Capital Outlay (Optional)	49,269
660 Pupil Activity	658,748
Total Pupil Activity Expenditures	<u>3,309,289</u>
TOTAL DISBURSEMENTS	<u>3,337,035</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	79,950
TOTAL OTHER FINANCING SOURCES (USES)	<u>79,950</u>
EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	242,128
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>919,167</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 1,161,295</u>

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

AGENCY FUND - PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2015

	Balance at July 1, 2014	Additions	Deductions	Balance at June 30, 2015
ASSETS				
Cash and Cash Equivalents	\$ 5,339	-	5,719	\$ 11,058
Receivables	913,828	-	236,409	1,150,237
TOTAL ASSETS	\$ 919,167	-	242,128	\$ 1,161,295
LIABILITIES				
Due to Student Organizations	\$ 919,167	-	242,128	\$ 1,161,295
TOTAL LIABILITIES	\$ 919,167	-	242,128	\$ 1,161,295

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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, 2015

LOCATION ID	LOCATION DESCRIPTION	EDUCATION LEVEL	COST TYPE	TOTAL EXPENDITURES
00	District Office	Non-Schools	Central	\$ 28,346,227
02	Belleview Elementary	Elementary Schools	School	3,472,905
04	Castle Heights Middle	Middle Schools	School	5,575,887
05	Central Child Dev. Center	Other Schools	School	1,647,335
06	Ebenezer Elementary	Elementary Schools	School	2,684,448
07	Dutchman Creek Middle	Middle Schools	School	5,738,551
08	Ebinport Elementary	Elementary Schools	School	4,105,223
10	Edgewood Elementary	Elementary Schools	School	6,057
14	Finley Road Elementary	Elementary Schools	School	3,360,181
16	Independence Elementary	Elementary Schools	School	3,389,200
18	India Hook Elementary	Elementary Schools	School	3,534,347
20	Leslie Elementary	Elementary Schools	School	2,665,334
22	Mt. Gallant Elementary	Elementary Schools	School	3,044,661
23	Mt. Holly Elementary	Elementary Schools	School	3,374,567
24	Northside Elementary	Elementary Schools	School	4,011,139
26	Northwestern High	High Schools	School	11,107,195
28	Oakdale Elementary	Elementary Schools	School	3,811,684
29	Old Pointe Elementary	Elementary Schools	School	3,483,136
30	Rawlinson Road Middle	Middle Schools	School	5,294,565
31	Renaissance Academy	Other Schools	School	365,389
32	Richmond Drive Elementary	Elementary Schools	School	3,833,860
33	T-3	Other Schools	School	262,379
34	ParentSmart	Other Schools	School	666,991
36	Applied Technology Center	Other Schools	School	2,998,416
38	Rock Hill High	High Schools	School	12,851,068
40	Rosewood Elementary	Elementary Schools	School	3,598,863
41	South Pointe High	High Schools	School	9,443,771
42	Sullivan Middle	Middle Schools	School	5,787,853
44	Sunset Park Elementary	Elementary Schools	School	2,977,992
46	The Children's School	Other Schools	School	2,621,011
48	York Road Elementary	Elementary Schools	School	3,164,479
49	Phoenix Academy	Other School	School	1,391,004
50	Saluda Trail Middle	Middle Schools	School	5,799,352
60	Office of Superintendent	Non-Schools	Central	396,414
65	Health Services	Non-Schools	Central	85,565
66	Facilities Services	Non-Schools	Central	5,507,597
68	Food Service	Non-Schools	Central	5,545,331
70	Transportation	Non-Schools	Central	3,838,870
72	Purchasing	Non-Schools	Central	203,682
76	Adult Education	Other Schools	School	800,807
78	Personnel	Non-Schools	Central	848,217
80	Finance	Non-Schools	Central	2,472,247
81	Administrative Services	Non-Schools	Central	365,635
82	Information Services	Non-Schools	Central	\$ 193,405

(Continued)

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

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2015

LOCATION ID	LOCATION DESCRIPTION	EDUCATION LEVEL	COST TYPE	TOTAL EXPENDITURES
83	Student Services	Non-Schools	Central	\$ 336,262
84	Planning	Non-Schools	Central	2,358,715
85	Community Partnerships	Non-Schools	Central	178,549
86	Exceptional Student Education	Non-Schools	Central	8,003,410
88	District 3 Stadium South	Non-Schools	Central	13,291
89	Stadium	Non-Schools	Central	140,834
90	Board of Trustees	Non-Schools	Central	1,406,731
92	Rock Hill School District	Non-Schools	Central	589,945
95	Flexible Learning Center	Other Schools	School	691,761
219	Rebound	Other Schools	School	695,966
660	Instruction/Accountability	Non-Schools	Central	5,160,815
TOTAL EXPENDITURES / EXPENSES / DISBURSEMENTS FOR ALL FUNDS				\$ 194,249,119

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

General Fund	\$ 135,206,600
Special Revenue Fund	14,882,080
Special Revenue - EIA Fund	6,684,153
Debt Service Fund	21,937,005
Capital Projects Fund	4,527,544
Food Service - Enterprise Fund	7,674,702
Pupil Activity Fund	3,337,035
TOTAL EXPENDITURES / EXPENSES / DISBURSEMENTS FOR ALL FUNDS	\$ 194,249,119

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STATISTICAL SECTION

(UNAUDITED)

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

	<u>Page Number</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	132
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the District’s most significant local revenue source, the property tax.	139
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	142
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within the District’s financial activities take place.	146
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report related to the services the city provides and the activities it performs.	148

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

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

TABLE 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 86,285,668	86,716,022	85,685,189	87,780,196	88,224,652	95,244,369	102,400,301	108,732,888	106,712,350	\$ 109,864,338
Restricted	8,869,209	14,447,991	12,952,545	9,082,727	9,433,836	8,943,308	10,914,842	12,415,202	13,658,075	17,544,498
Unrestricted	18,170,074	19,673,014	26,553,037	20,720,602	18,795,495	22,941,366	29,214,582	31,397,177	33,842,492	(138,886,238)
Total Governmental Activities Net Position	\$ 113,324,951	120,837,027	125,190,771	117,583,525	116,453,983	127,129,043	142,529,725	152,545,267	154,212,917	\$ (11,477,402)
Business-Type Activities										
Net Investment in Capital Assets	\$ 1,749,790	1,589,337	1,466,828	1,593,752	1,376,906	1,093,505	775,227	950,842	987,277	\$ 867,375
Unrestricted	1,712,777	1,468,962	1,008,287	1,307,308	2,233,559	3,093,024	3,540,869	3,462,835	3,348,213	1,628,023
Total Business-Type Activities Net Position	\$ 3,462,567	3,058,299	2,475,115	2,901,060	3,610,465	4,186,529	4,316,096	4,413,677	4,335,490	\$ 2,495,398
Primary Government										
Net Investment in Capital Assets	\$ 88,035,458	88,305,359	87,152,017	89,373,948	89,601,558	96,337,874	103,175,528	109,683,730	107,699,627	\$ 110,731,713
Restricted	8,869,209	14,447,991	12,952,545	9,082,727	9,433,836	8,943,308	10,914,842	12,415,202	13,658,075	17,544,498
Unrestricted	19,882,851	21,141,976	27,561,324	22,027,910	21,029,054	26,034,390	32,755,451	34,860,012	37,190,705	(137,258,215)
Total Primary Government Net Position	\$ 116,787,518	123,895,326	127,665,886	120,484,585	120,064,448	131,315,572	146,845,821	156,958,944	158,548,407	\$ (8,982,004)

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ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

TABLE 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
Instruction	\$ 74,320,757	80,471,063	88,423,628	94,336,452	84,793,118	80,763,678	93,925,184	99,072,671	102,070,630	\$ 103,374,011
Support Services	47,532,876	51,424,008	60,792,209	64,760,530	67,133,418	50,139,830	54,518,963	60,273,955	69,489,646	66,316,182
Community Services	100,842	122,819	228,669	227,383	155,787	271,863	170,605	253,614	246,477	267,177
Intergovernmental	2,249,568	835,277	715,125	618,141	443,738	-	-	-	-	-
Interest and Other Charges	5,881,577	6,391,797	7,484,011	7,017,571	7,374,066	19,520,721	6,714,098	5,343,649	5,324,113	7,131,817
Depreciation	5,311,817	5,876,110	6,309,334	7,812,007	7,626,426	-	-	-	-	-
Total Governmental Activities Expenses	\$ 135,397,437	145,121,074	163,952,976	174,772,084	167,526,553	150,696,092	155,328,850	164,943,889	177,130,866	177,089,187
Business-Type Activities:										
Food Services	5,745,087	6,390,272	7,634,765	7,767,516	6,937,690	6,873,305	7,395,976	7,098,528	7,354,477	7,674,702
Total Business-Type Activities Expenses	5,745,087	6,390,272	7,634,765	7,767,516	6,937,690	6,873,305	7,395,976	7,098,528	7,354,477	7,674,702
Total Primary Government Expenses	\$ 141,142,524	151,511,346	171,587,741	182,539,600	174,464,243	157,569,397	162,724,826	172,042,417	184,485,343	\$ 184,763,889
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$ 1,520,761	1,990,488	2,187,263	2,031,407	1,505,540	1,970,442	1,903,326	1,978,291	1,989,878	\$ 2,209,676
Operating Grants and Contributions	70,188,964	73,960,271	81,227,036	78,078,355	78,070,395	71,165,212	72,616,868	77,144,152	79,184,893	81,279,476
Capital Grants and Contributions	187,900	-	517,685	366,835	-	-	-	-	-	-
Total Governmental Activities Program Revenues	71,897,625	75,950,759	83,931,984	80,476,597	79,575,935	73,135,654	74,520,194	79,122,443	81,174,771	83,489,152
Business-Type Activities:										
Charges for Services:										
Food Service	2,434,865	2,347,399	2,389,487	2,617,644	2,297,979	1,991,665	2,014,405	1,827,360	1,630,650	1,596,040
Operating Grants and Contributions	3,345,185	3,638,605	4,092,600	4,736,659	4,889,165	5,234,300	5,430,499	5,879,414	5,939,899	6,153,807
Capital Grants and Contributions	267,797	-	138,845	415,754	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	6,047,847	5,986,004	6,620,932	7,770,057	7,187,144	7,225,965	7,444,904	7,706,774	7,570,549	7,749,847
Total Primary Government Program Revenues	\$ 77,945,472	81,936,763	90,552,916	88,246,654	86,763,079	80,361,619	81,965,098	86,829,217	88,745,320	\$ 91,238,999
Net (Expense)/Revenue										
Governmental Activities	\$ (63,499,812)	(69,170,315)	(80,020,992)	(94,295,487)	(87,950,618)	(77,560,438)	(80,808,656)	(85,821,446)	(95,956,095)	\$ (95,600,035)
Business-Type Activities	302,760	(404,268)	(1,013,833)	2,541	249,454	352,660	48,928	608,246	216,072	75,145
Total Primary Government Net (Expense)/Revenue	\$ (63,197,052)	(69,574,583)	(81,034,825)	(94,292,946)	(87,701,164)	(77,207,778)	(80,759,728)	(85,213,200)	(95,740,023)	\$ (95,524,890)

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

TABLE 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax - General Operations	\$ 41,054,206	45,707,761	38,514,743	39,794,450	40,698,245	41,423,095	44,283,872	42,689,482	44,064,503	\$ 45,736,663
Property Tax - Debt Service	14,709,219	16,076,102	18,617,043	21,262,897	19,719,989	19,856,556	21,736,059	21,112,510	22,856,211	22,031,434
Unrestricted Grants and Contributions	10,468,863	10,359,416	24,916,292	25,727,814	26,710,106	27,078,578	28,638,186	29,344,465	29,053,601	31,298,297
Unrestricted Investment Earnings	2,400,664	3,715,398	2,749,129	501,762	127,474	100,673	168,407	147,499	113,068	145,108
Miscellaneous	48,855	823,714	8,178	2,068	25,213	-	1,448,639	2,019,531	1,210,836	777,885
Transfers	-	-	(430,649)	(423,404)	(459,951)	(223,404)	(65,825)	523,501	325,526	(26,678)
Total Governmental Activities	68,681,807	76,682,391	84,374,736	86,865,587	86,821,076	88,235,498	96,209,338	95,836,988	97,623,745	99,962,709
Business-Type activities:										
Unrestricted Investment Earnings	-	-	-	-	459,951	223,404	65,825	(523,501)	15,942	-
Transfers	-	-	430,649	423,404	459,951	223,404	80,639	(510,665)	(309,584)	26,678
Total Business-Type Activities	-	-	430,649	423,404	459,951	223,404	80,639	(510,665)	(309,584)	26,678
Special Items - Loss on Disposal of Assets	-	-	-	(37,342)	-	-	-	-	-	-
Total Primary Government	\$ 68,681,807	76,682,391	84,805,385	87,251,649	87,281,027	88,458,902	96,289,977	95,326,323	97,314,161	\$ 99,989,387
Change in Net Position:										
Governmental Activities	\$ 5,181,995	7,512,076	4,353,744	(7,467,242)	(1,129,542)	10,675,060	15,400,682	10,015,542	1,667,650	\$ 6,362,674
Business-Type Activities	302,760	(404,268)	(583,184)	425,945	709,405	576,064	129,567	97,581	(93,512)	101,823
Total Primary Government	\$ 5,484,755	7,107,808	3,770,560	(7,041,297)	(420,137)	11,251,124	15,530,249	10,113,123	1,574,138	\$ 6,464,497

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA
 FUND BALANCES OF GOVERNMENTAL FUNDS

TABLE 3

LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Non-Spendable	\$ -	-	-	-	-	326,039	435,929	2,663,073	591,363	\$ 591,736
Assigned	-	-	-	-	-	1,010,612	2,400,000	-	1,375,086	-
Unassigned	17,512,981	19,133,030	23,269,504	19,505,507	17,413,749	20,212,709	17,410,108	20,067,031	21,129,360	24,381,212
Total General Fund	\$ 17,512,981	19,133,030	23,269,504	19,505,507	17,413,749	21,549,360	20,246,037	22,730,104	23,095,809	\$ 24,972,948
All Other Governmental Funds										
Restricted	\$ 33,455,362	65,404,955	14,556,761	10,299,086	11,374,650	14,327,356	15,923,817	16,597,132	13,508,864	\$ 16,929,583
Assigned	-	-	-	-	-	-	5,000,000	5,000,000	5,541,666	5,502,738
Total All Other Governmental Funds	\$ 33,455,362	65,404,955	14,556,761	10,299,086	11,374,650	14,327,356	20,923,817	21,597,132	19,050,530	\$ 22,432,321

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

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Local Sources:										
Property Taxes	\$ 55,651,621	61,626,855	53,862,883	58,110,853	58,518,958	59,698,617	64,304,412	64,908,601	68,224,602	\$ 69,442,049
Interest	2,400,664	3,715,398	2,749,128	501,762	127,474	203,005	168,407	147,499	113,068	145,108
Other Local Sources	2,355,499	3,711,546	5,973,112	5,286,328	4,620,805	4,825,930	3,628,414	4,860,739	3,859,609	3,909,840
State Sources	71,271,100	75,439,597	97,540,514	94,244,262	85,784,015	81,855,760	88,735,502	94,076,358	96,524,326	99,602,980
Federal Sources	8,111,416	7,650,094	8,179,389	8,928,066	17,352,189	14,990,331	9,840,734	8,233,220	8,770,743	9,342,678
Intergovernmental Revenue	677,328	332,652	309,937	311,689	511,829	501,949	526,294	539,799	289,681	265,304
Total Revenues	\$ 140,467,628	152,476,142	168,614,963	167,382,960	166,915,270	162,075,592	167,203,763	172,766,216	177,782,029	\$ 182,707,950
Expenditures										
Current:										
Instruction	\$ 74,328,960	80,381,295	88,343,708	94,966,427	92,907,957	85,374,336	88,593,255	93,128,533	95,699,737	\$ 95,852,822
Support Services	43,230,315	47,173,271	52,705,725	55,546,705	53,895,636	50,506,284	53,042,042	58,128,464	64,906,549	61,683,110
Community Services	100,842	122,819	228,669	227,383	155,787	271,863	170,606	253,621	246,477	267,177
Intergovernmental	2,249,568	676,787	373,736	618,141	443,738	399,247	483,744	419,962	474,715	479,100
Debt Service:										
Principal	10,290,000	12,630,000	11,345,000	12,975,000	17,265,000	12,405,000	14,649,115	15,167,699	16,850,412	2,024,852
Interest and Fiscal Charges	5,509,659	5,871,438	8,012,189	7,798,410	7,550,454	7,235,624	7,437,698	6,938,941	6,469,951	16,871,344
Other Charges	2,175	2,474	2,300	2,432	1,342	119,939	319,966	57,272	139,561	5,771,601
Capital Outlay	18,884,918	48,134,159	53,543,320	15,039,230	19,175,728	4,014,746	2,826,662	3,776,369	3,780,057	287,376
Total Expenditures	154,596,437	194,994,243	214,554,647	187,173,728	191,395,642	160,327,039	167,523,088	177,870,861	188,567,459	183,237,382
Excess of Revenues Over (Under) Expenditures	(14,128,809)	(42,518,101)	(45,939,684)	(19,790,768)	(24,480,372)	1,748,553	(319,325)	(5,104,645)	(10,785,430)	(529,423)
Other Financing Sources (Uses)										
Issuance of General Obligation Bond Anticipation Note	-	-	-	12,500,000	24,221,529	-	-	-	-	-
Premium on Bonds Sold	313,249	1,401,390	-	-	-	3,877,503	2,030,774	761,444	1,181,309	6,257,397
Issuance of Refunding Bonds	23,015,000	1,500,000	-	-	-	23,180,000	15,595,000	-	19,270,000	53,810,000
Payment to Refunded Debt Escrow Agent	(23,244,860)	10,344,843	-	-	-	(26,611,428)	(17,005,514)	-	(17,216,235)	(59,291,598)
Issuance of General Obligation Bonds	23,000,000	63,000,000	-	-	-	5,000,000	5,000,000	6,000,000	5,000,000	5,000,000
Proceeds from the sale of capital assets	-	-	-	-	-	121,072	58,028	977,081	43,933	39,232
Transfers In	6,498,386	6,236,815	5,106,058	5,978,544	7,599,990	2,975,498	7,900,234	4,648,173	5,097,202	3,926,997
Transfers Out	(6,498,386)	(6,236,815)	(5,878,095)	(6,709,448)	(8,357,341)	(3,198,902)	(7,966,059)	(4,124,671)	(4,771,676)	3,953,675
Total Other Financing Sources (Uses)	23,083,389	76,246,233	(772,037)	11,769,096	23,464,178	5,343,743	5,612,463	8,262,027	8,604,533	13,695,703
Net Change in Fund Balances	\$ 8,954,580	33,728,132	(46,711,721)	(8,021,672)	(1,016,194)	7,092,296	5,293,138	3,157,382	(2,180,897)	\$ 13,166,280
Capital Asset Expenditures	\$ 14,569,660	43,885,422	45,456,836	6,385,204	1,086,302	1,138,778	4,423,707	5,050,057	2,458,483	\$ 1,356,446
Debt Service as a Percentage of Noncapital Expenditures	11.3%	12.2%	11.4%	11.5%	13.0%	0	13.5%	12.8%	12.5%	12.4%

Note 1: Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net position) and expenditures for capitalized assets included within the functional expenditure categories. The formula adds "functional" and "principal" and divides them by the "total expenditures" minus the "capital outlay."

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

TABLE 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property				
2006	\$ 281,774,107	47,473,262	329,247,369	169.60	\$ 6,852,831,060	5.7%
2007	282,297,550	46,772,151	329,069,701	179.00	6,635,971,754	5.0%
2008	324,339,756	46,430,670	370,770,426	188.40	6,997,510,437	5.3%
2009	347,078,632	43,718,911	390,797,543	188.90	7,225,655,968	5.4%
2010	361,996,207	43,031,135	405,027,342	193.40	7,396,553,942	5.5%
2011	368,221,886	37,712,545	405,934,431	193.40	7,493,918,559	5.4%
2012	389,201,717	40,163,412	429,365,129	193.40	7,654,352,043	5.6%
2013	390,008,847	43,190,179	433,199,026	193.40	7,892,696,945	5.5%
2014	396,460,826	48,187,492	444,648,318	193.40	8,052,593,118	5.5%
2015	\$ 402,336,619	51,640,174	453,976,793	199.40	\$ 8,217,111,709	5.5%

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

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

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

TABLE 6

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Tax Year	Rock Hill School District Three Millage	Overlapping Rates ¹		Total Direct and Overlapping Rates
			City of Rock Hill Millage (1)	York County Millage (2)	
2006	2005	172.300	102.000	66.800	341.100
2007	2006	169.600	95.000	62.600	327.200
2008	2007	179.000	95.000	66.000	340.000
2009	2008	188.400	95.000	66.000	349.400
2010	2009	188.900	95.000	66.000	349.900
2011	2010	193.400	95.000	66.000	354.400
2012	2011	193.400	93.500	62.500	349.400
2013	2012	193.400	93.500	62.500	349.400
2014	2013	193.400	93.500	64.500	351.400
2015	2014	199.400	93.500	68.700	361.600

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

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

Note 1: Overlapping rates are those of local and county governments that apply to property owners within Rock Hill School District Three. Not all overlapping rates apply to all of the Rock Hill School District Three property owners (i.e., the rates for special districts apply only to the proportion of the Rock Hill School District Three's property owners whose property is located within the geographic boundaries of the special district).

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

TABLE 7

PRINCIPAL PROPERTY TAXPAYERS

JUNE 30, 2015

UNAUDITED

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Resolute FP US Inc./Bowater Inc.*	\$ 22,593,567	1	5.0%	\$ 30,057,996	1	9.1%
Comporium Inc./Rock Hill Telephone Co.	7,719,826	2	1.7%	5,655,260	2	1.7%
Amisub of S C Inc.	3,484,038	3	0.8%	3,187,668	4	1.0%
Duke Energy Corporation	2,746,688	4	0.6%	1,872,648	5	0.6%
Ross Dress For Less Inc.*	2,323,159	5	0.5%	-	-	-
Tyco Electronics Corporation*	2,113,691	6	0.5%	1,837,228	7	0.6%
Piedmont Medical Center	2,015,124	7	0.4%	-	-	-
Atotech USA Inc.*	1,999,310	8	0.4%	1,849,734	6	0.6%
York Electric Coop Inc.	1,887,190	9	0.4%	1,641,330	8	0.5%
P B H Paces LLC	1,119,570	10	0.2%	-	-	-
Celanese Acetate LLC	-	-	-	4,509,724	3	1.4%
Transaxle Manufacturing of*	-	-	-	1,569,620	9	0.5%
Inchem Corp.	-	-	-	1,211,772	10	0.4%
Totals	<u>\$ 48,002,163</u>		<u>10.6%</u>	<u>\$ 53,392,980</u>		<u>16.2%</u>

Source: York County Auditor

*Denotes FILOT

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

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 68,424,744	\$ 64,940,073	94.9%	\$ 1,144,889	\$ 66,084,962	96.6%
2007	74,113,224	70,067,798	94.5%	1,070,457	71,138,255	96.0%
2008	83,040,915	80,179,252	96.6%	28,497	80,207,749	96.6%
2009	87,358,630	84,378,226	96.6%	120,829	84,499,055	96.7%
2010	88,652,889	84,529,097	95.3%	517,500	85,046,597	95.9%
2011	90,229,762	85,649,832	94.9%	2,544,371	88,194,203	97.7%
2012	92,842,158	88,620,871	95.5%	1,846,479	90,467,350	97.4%
2013	94,553,305	90,327,448	95.5%	1,598,977	91,926,425	97.2%
2014	97,353,775	93,321,631	95.9%	1,426,348	94,747,979	97.3%
2015	\$ 100,573,496	\$ 96,578,628	96.0%	\$ -	\$ 96,578,628	96.0%

Source: York County Government

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

TABLE 9

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities General Obligation Bonds	Percentage of Personal Income	Per Capita
2006	\$ 129,975,000	2.40%	684
2007	181,845,000	3.06%	914
2008	170,500,000	2.71%	816
2009	157,525,000	2.39%	724
2010	163,990,000	2.24%	722
2011	154,775,000	2.21%	685
2012	145,185,000	1.94%	630
2013	136,521,000	1.74%	582
2014	125,856,000	1.50%	526
2015	\$ 113,534,000	1.35%	463

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

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements. See the Schedule of Demographic and Economic Statistics for personal income and population data.

N/A = Not Available

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

TABLE 10

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2006	\$ 129,975,000	3,696,239	\$ 126,278,761	1.9%	\$ 664
2007	181,845,000	5,213,386	176,631,614	2.5%	887
2008	170,500,000	5,818,538	164,681,462	2.3%	789
2009	157,525,000	7,334,465	150,190,535	2.0%	691
2010	163,990,000	8,296,312	155,693,688	2.1%	686
2011	154,775,000	9,859,184	144,915,816	1.9%	641
2012	145,185,000	10,838,301	134,346,699	1.5%	583
2013	136,521,000	11,825,340	124,695,660	1.5%	531
2014	125,856,000	13,269,679	112,586,321	1.5%	470
2015	\$ 113,534,000	14,981,969	\$ 98,552,031	1.2%	\$ 402

Note: Details regarding the Rock Hill School District Three's outstanding debt can be found in the notes to the financial statements.

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

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

N/A = Not Available

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

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2015

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
City of Rock Hill	\$ 16,430,000	100.0%	\$ 16,430,000
York County Government	\$ 44,587,872	100.0%	44,587,872
Subtotal, Overlapping Debt			61,017,872
Rock Hill School District Three Debt			113,534,000
Total Direct and Overlapping Debt			<u>\$ 174,551,872</u>

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

- Note 1: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Rock Hill School District three taxable assessed value that is within the government's boundaries and dividing it by York County's total taxable assessed value.
- 2: Overlapping rates are those of local and county governments that apply to property owners within Rock Hill School District Three. Not all overlapping rates apply to all of the Rock Hill School District Three's property owners (i.e., the rates for special districts apply only to the proportion of the Rock Hill School District Three's property owners whose property is located within the geographic boundaries of the special district).

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

TABLE 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 26,339,790	27,235,860	29,661,634	31,263,803	32,402,187	32,474,754	33,294,163	36,318,143	34,655,922	\$ 36,318,143
Total Net Debt Applicable to Debt Limit	6,117,350	7,498,765	14,118,450	12,620,000	11,000,000	11,000,000	13,365,000	7,679,000	12,331,000	7,679,000
Legal Debt Margin	\$ 20,222,440	19,737,095	15,543,184	18,643,803	21,402,187	21,474,754	19,929,163	28,639,143	22,324,922	\$ 28,639,143
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	23.2%	27.5%	47.6%	40.4%	33.9%	33.9%	40.1%	21.1%	35.6%	21.1%

Legal Debt Margin Calculation for Fiscal Year 2015

Total Assessed Value	\$ 453,976,793
Debt Limit (8% of Total Assessed Value)	36,318,143
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	113,534,000
Less: Debt Issued Through Referendum	(105,855,000)
Total Amount of Debt Applicable to Debt Limit	7,679,000
Legal Debt Margin	\$ 28,639,143

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

Assessed value obtained from York County Auditor's Office.

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

TABLE 13

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2006	190,097	\$ 5,416,459	28,493	16,230	6.9%
2007	199,035	5,951,943	29,904	16,655	5.7%
2008	208,827	6,281,780	30,081	16,836	6.1%
2009	217,448	6,595,869	30,333	17,718	15.7%
2010	227,003	7,305,787	32,184	17,072	14.2%
2011	226,073	7,008,481	31,001	17,353	15.4%
2012	230,528	7,468,372	32,397	17,318	13.6%
2013	234,635	7,850,232	33,457	17,485	9.1%
2014	239,363	8,364,650	35,649	17,545	7.2%
2015	245,346	\$ 8,401,362	34,243	17,779	5.7%

Data Sources:

- (1) South Carolina Division of Research and Statistics. This number represents the County population.
- (2) U.S. Department of Commerce, Bureau of the Census.
These numbers represent the County personal income and per capita income.
- (3) Rock Hill School District Three
- (4) South Carolina Employment Security Commission.
This number represents the County unemployment rate.
- * In Thousands.

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

TABLE 14

PRINCIPAL EMPLOYERS

CURRENT YEAR AND EIGHT YEARS AGO

UNAUDITED

Employer	2015			2007		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Wells Fargo Home Mortgage	2,335	1	2.35%	1,500	3	1.53%
Rock Hill School District	2,158	2	2.17%	2,282	1	2.33%
Ross Distribution	1,790	3	1.80%	852	7	0.87%
Piedmont Medical Center	1,531	4	1.54%	1,550	2	1.59%
Fort Mill School District	1,240	5	1.25%	804	8	0.82%
Duke Power-Catawba Nuclear Station	1,228	6	1.24%	1,071	5	1.10%
Citi Financial	1,100	7	1.11%	-	-	-
Clover School District	1,002	8	1.01%	-	-	-
Schaeffler	968	9	0.98%	-	-	-
York County Government	967	10	0.97%	-	-	-
Winthrop University	-	-	-	1,111	4	1.14%
Bowater, Inc.	-	-	-	1,039	6	1.06%
Staceys	-	-	-	800	9	0.82%
US Food Service	-	-	-	800	10	0.82%
Totals	<u>14,319</u>		<u>14.43%</u>	<u>11,809</u>		<u>12.08%</u>

Source: York County Government and South Carolina Virtual Onestop.

Note: These figures represent Top County Employers. Information for the 2005 year is not readily available. The last information available is for the 2007 year.

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

TABLE 15

FULL-TIME EQUIVALENT ROCK HILL SCHOOL DISTRICT THREE EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Instruction	1,387	1,492	1,664	1,660	1,607	1,453	1,381	1,464	1,450	1,484
Support Services	548	568	610	614	632	644	648	581	754	722
Community Services	2	2	3	3	1	1	1	1	1	1
Business-Type Activities										
Food Services	128	124	183	184	139	132	128	118	2	2
Total	2,065	2,186	2,460	2,461	2,379	2,230	2,158	2,164	2,207	2,209

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

TABLE 16

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Pupil Enrollment	Modified Accrual Basis of Accounting			Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
		Operating Expenditures	Cost per Pupil	Percentage Change			
2006	16,230	\$ 119,909,685	\$ 7,388	6.1%	1,084	15	44.0%
2007	16,655	128,356,172	7,707	4.3%	1,183	14	43.0%
2008	16,836	141,651,838	8,414	9.2%	1,351	12	38.0%
2009	17,718	151,358,656	8,543	1.5%	1,387	13	46.0%
2010	17,072	147,403,118	8,634	1.1%	1,329	13	51.0%
2011	17,353	136,551,730	7,869	-8.9%	1,292	13	52.0%
2012	17,318	142,289,647	8,216	4.4%	1,282	14	56.4%
2013	17,485	151,937,075	8,690	5.8%	1,242	14	55.6%
2014	17,545	161,327,478	9,195	5.8%	1,326	13	58.9%
2015	17,779	\$ 158,282,209	\$ 8,903	-3.2%	1,336	13	55.6%

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

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

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

TABLE 17

TEACHER SALARIES

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Minimum Salary (1)	Maximum Salary (1)	District Average Salary (2)	Statewide Average Salary (2)
2006	\$ 29,870	65,439	44,722	\$ 43,011
2007	30,649	67,146	45,664	44,335
2008	31,665	69,371	46,398	45,479
2009	32,885	72,045	49,492	47,304
2010	32,885	72,045	49,968	47,304
2011	32,161	72,045	49,566	47,421
2012	32,161	72,045	49,107	47,421
2013	33,544	73,489	50,920	47,428
2014	33,544	73,489	50,760	48,375
2015	\$ 33,544	73,489	50,896	\$ 48,430

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

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ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary Schools										
Bellview (1955)										
Square Feet	58,797	58,797	58,797	58,797	58,797	58,797	58,797	74,311	74,311	74,311
Capacity	600	600	600	600	600	600	600	690	690	690
Enrollment	557	572	587	460	465	429	465	476	443	443
Ebenezer (1987)										
Square Feet	47,162	47,162	47,162	47,162	47,162	47,162	47,162	45,189	45,189	45,189
Capacity	340	340	340	340	340	340	340	391	391	391
Enrollment	353	360	354	317	316	293	337	353	307	307
Ebinport (1949)										
Square Feet	58,271	58,271	58,271	58,271	58,271	58,271	58,271	63,795	63,795	63,795
Capacity	500	500	500	500	500	500	500	600	600	600
Enrollment	496	509	490	533	549	506	574	576	606	606
Finley Road (1957)										
Square Feet	55,837	55,837	55,837	55,837	55,837	55,837	55,837	64,140	64,140	64,140
Capacity	560	560	560	560	560	560	560	644	644	644
Enrollment	458	481	552	495	507	461	420	411	411	411
Independence (1978)										
Square Feet	58,485	58,485	58,485	58,485	58,485	58,485	58,485	61,690	61,690	61,690
Capacity	540	540	540	540	540	540	540	621	621	621
Enrollment	494	531	484	501	523	517	557	574	538	538
India Hook (2007)										
Square Feet	-	-	74,979	74,979	74,979	74,979	74,979	75,979	75,979	75,979
Capacity	-	-	600	600	600	600	600	690	690	690
Enrollment	-	-	446	506	514	538	598	602	615	615

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Elementary Schools (continued)											
Lesslie (1954)											
Square Feet	44,264	44,264	44,264	44,264	44,264	44,264	44,264	56,762	56,762	56,762	56,762
Capacity	520	520	520	520	520	520	520	598	598	598	598
Enrollment	519	511	512	490	489	446	379	381	370	370	370
Mt. Gallant (1978)											
Square Feet	58,782	58,782	58,782	58,782	58,782	58,782	58,782	69,307	69,307	69,307	69,307
Capacity	560	560	560	560	560	560	560	567	567	567	567
Enrollment	565	602	554	501	489	457	459	464	474	474	474
Mt. Holly (2008)											
Square Feet	-	-	-	74,979	74,979	74,979	74,979	75,979	75,979	75,979	75,979
Capacity	-	-	-	600	600	600	600	644	644	644	644
Enrollment	-	-	-	500	510	522	490	494	486	486	486
Northside (1951)											
Square Feet	51,719	51,719	51,719	51,719	51,719	51,719	50,951	59,407	59,407	59,407	59,407
Capacity	480	480	480	480	480	480	480	552	552	552	552
Enrollment	445	485	484	353	376	405	510	510	533	533	533
Oakdale (1949)											
Square Feet	59,045	59,045	59,045	59,045	59,045	59,045	59,045	58,019	58,019	58,019	58,019
Capacity	540	540	540	540	540	540	540	621	621	621	621
Enrollment	610	615	663	476	478	396	387	393	397	397	397
Old Pointe (2002)											
Square Feet	91,215	91,215	91,215	91,215	91,215	91,215	91,215	88,534	88,534	88,534	88,534
Capacity	600	600	600	600	600	600	600	690	690	690	690
Enrollment	596	687	690	615	611	565	550	569	577	577	577

TABLE 18

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary Schools (continued)										
Richmond Drive (1949)										
Square Feet	54,738	54,738	54,738	54,738	54,738	54,738	54,738	70,072	70,072	70,072
Capacity	520	520	520	520	520	520	520	598	598	598
Enrollment	519	582	524	524	504	464	535	529	595	595
Rosewood (1960)										
Square Feet	56,011	56,011	56,011	56,011	56,011	56,011	56,011	69,639	69,639	69,639
Capacity	600	600	600	600	600	600	600	690	690	690
Enrollment	620	707	586	604	589	557	604	615	613	613
Sunset Park (1954)										
Square Feet	58,203	58,203	58,203	58,203	58,203	58,203	58,203	74,452	74,452	74,452
Capacity	560	560	560	560	560	560	560	644	644	644
Enrollment	323	293	264	444	444	460	478	477	449	449
Sylvia Circle (1950)										
Square Feet	48,453	48,453	48,453	48,453	48,453	48,453	48,453	54,442	54,442	54,442
Capacity	400	400	400	400	400	400	400	460	460	460
Enrollment	286	256	304	389	389	382	411	463	361	361
York Road (1971)										
Square Feet	60,726	60,726	60,726	60,726	60,726	60,726	60,726	58,546	58,546	58,546
Capacity	520	520	520	520	520	520	520	598	598	598
Enrollment	484	511	474	489	326	450	385	388	365	365
Middle Schools										
Castle Heights (1957)										
Square Feet	160,151	160,151	160,151	160,151	160,151	160,151	160,151	160,151	160,151	160,151
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,144	1,144	1,144
Enrollment	921	900	871	788	783	817	763	757	799	799

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION**

TABLE 18

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<u>Middle Schools (continued)</u>											
Dutchman Creek (2008)											
Square Feet	-	-	-	160,151	160,151	160,151	160,151	160,151	160,151	160,151	160,151
Capacity	-	-	-	1,100	1,100	1,100	1,100	1,144	1,144	1,144	1,144
Enrollment	-	-	-	875	876	893	929	929	909	909	909
Rawlinson Road (1972)											
Square Feet	129,471	139,401	139,401	139,401	139,401	139,401	139,401	126,471	126,471	126,471	126,471
Capacity	975	1,150	1,150	1,150	1,150	1,150	1,150	1,196	1,196	1,196	1,196
Enrollment	1,070	1,077	1,075	704	708	724	644	646	624	624	624
Saluda Trail (1999)											
Square Feet	161,419	161,419	161,419	161,419	161,419	161,419	161,419	162,919	162,919	162,919	162,919
Capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,040	1,040	1,040	1,040
Enrollment	846	868	907	866	864	799	818	818	766	766	766
Sullivan (1959)											
Square Feet	150,790	150,790	150,790	150,790	150,790	150,790	150,790	150,790	150,790	150,790	150,790
Capacity	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,352	1,352	1,352	1,352
Enrollment	1,063	1,060	975	751	723	765	784	781	824	824	824
<u>High Schools:</u>											
Northwestern (1971)											
Square Feet	282,575	282,575	282,575	282,575	282,575	282,575	282,575	282,575	282,575	282,575	282,575
Capacity	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,976	1,976	1,976	1,976
Enrollment	2,089	1,844	1,701	1,791	1,721	1,734	1,743	1,731	1,780	1,780	1,780
Rock Hill (1977)											
Square Feet	288,260	288,260	288,260	288,260	288,260	288,260	288,260	288,260	288,260	288,260	288,260
Capacity	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,158	2,158	2,158	2,158
Enrollment	2,172	2,121	2,050	1,998	1,932	1,952	1,959	1,965	1,930	1,930	1,930

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

TABLE 18

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
High Schools (continued)										
Southe Pointe (2005)										
Square Feet	364,448	364,448	364,448	364,448	364,448	364,448	364,448	354,424	354,424	354,424
Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,872	1,872	1,872
Enrollment	744	1,060	1,289	1,415	1,386	1,467	1,417	1,407	1,305	1,305

Sources: School District Facilities Office

Note: Year of original constructions is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions.

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US Department of Agriculture				
Pass-through State Department of Education:				
600	National School Breakfast Program	10.553	N/A	\$ 1,250,165
600	National School Lunch Program - Cash Assistance	10.555	N/A	4,333,936
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	492,567
Total 10.553 & 10.555				<u>6,076,668</u>
Total Passed Through State Department of Education				<u>6,076,668</u>
Total US Department of Agriculture				<u>6,076,668</u>
US Department of Education				
Pass-through State Department of Education:				
201	Title I	84.010	15BA091	2,938,900
201	Title I	84.010	14BA091	1,023,434
221	Title I - Neglected and Delinquent	84.010	14ND091	74,296
221	Title I - Neglected and Delinquent	84.010	15ND091	118,428
237	Title I - School Improvement	84.010A	13FO091	22,559
237	Title I - School Improvement	84.010A	15FO091	49,911
238	Title I - Support	84.010A	14BM091	93,211
Total 84.010 & 84.010A				<u>4,320,739</u>
Individuals with Disabilities Education Act:				
203	IDEA	84.027A	14CA091	716,853
203	IDEA	84.027A	15CA091	2,903,911
205	IDEA - Preschool Handicapped	84.173	14CG091	29,605
205	IDEA - Preschool Handicapped	84.173	15CG091	134,323
280	Private School Placement	84.027	15CE091	49,668
822	Extended School Year	84.027	15CE091	23,332
Total 84.027A, 84.173, & 84.027				<u>3,857,692</u>
207	Occupational Education	84.048A	15VA091	214,681
240	SC School Climate Initiative (SCSCI)	84.184Y	14CP091	9,038
240	SC School Climate Initiative (SCSCI)	84.184Y	15CP091	25,884
243	Adult Education	84.002	14EA091	9,867
243	Adult Education	84.002	15EA091	108,757
243	Adult Education	84.002	15ED091	6,000
264	Title III - English Language Acquisition	84.365A	13BP091	1,850
264	Title III - English Language Acquisition	84.365A	14BP091	25,842
264	Title III - English Language Acquisition	84.365A	15BP091	60,859
267	Title II - Improving Teacher Quality	84.367A	14TQ091	34,846
267	Title II - Improving Teacher Quality	84.367A	15TQ091	439,116
881	NIST	11.609	N/A	4,503
894	Title VII	84.060A	S060A132454	18,405
Total Passed Through State Department of Education				<u>9,138,079</u>
Total US Department of Education				<u>\$ 9,138,079</u>

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

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US Department of Defense				
Direct Programs:				
295	JROTC	12.000	N/A	\$ 145,018
Total US Department of Defense				145,018
US Department of Labor				
Direct Programs:				
827	Jobs for America's Graduates	17.278	14JAG110	59,581
Total US Department of Labor				59,581
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 15,419,346

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, 2015

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, 2015. 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 General Fund and the Special Revenue Funds and non-operating expenses in the Enterprise Fund.

D – Relationship to Federal Financial Reports

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

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**REPORT ON 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rock Hill County School District Three, South Carolina (the "District") as of and for the year ended June 30, 2015, 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 23, 2015. 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 audit'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. We did identify a certain deficiency in internal, control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

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*.

The District's Response to the Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 23, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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, South Carolina's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 23, 2015

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2015

There were no federal award related findings in the prior year.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No
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Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs:	\$ _____	462,580
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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**ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

Section II – Current Year Financial Statement Findings

2015-001: INTERNAL CONTROLS FOR PUPIL ACTIVITIES

Condition: Overall, the District appears to have designed appropriate policies and procedures over Pupil Activities at the schools. However, during our visits to five schools during this year’s audit, we noted 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.

Criteria: 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.

Context, Cause and Effect: Not following board policy regarding pupil activities.

Recommendation: We recommend that the District provide additional training to the bookkeepers and others at the schools so that the District’s policies and procedures will be followed. We also recommend that the District consider implementing additional monitoring and reviewing procedures at the schools by having a member of the District’s Finance Department or internal audit function visit the schools and audit the Pupil Activity accounts on a regular basis.

Response: Management continuously strives to ensure that the schools are following all policies and procedures of the District as well as requirements of all regulatory agencies by providing a Policies and Procedures Manual to all schools and locations, conducting trainings for all employees during the year and communicating this message whenever possible. An internal audit function was added to the 2014-2015 Budget and a formal training schedule for new bookkeepers has been added to the current training policy which involves all areas of finance and purchasing. An integral part of a principal’s evaluation is now the financial management at each school and the Chief Finance Officer will be a part of the evaluation process.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

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

No matters to report.