

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

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

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

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ROCK HILL SCHOOL DISTRICT THREE
 ADMINISTRATIVE CHART
 FY 2011 – 2012

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.

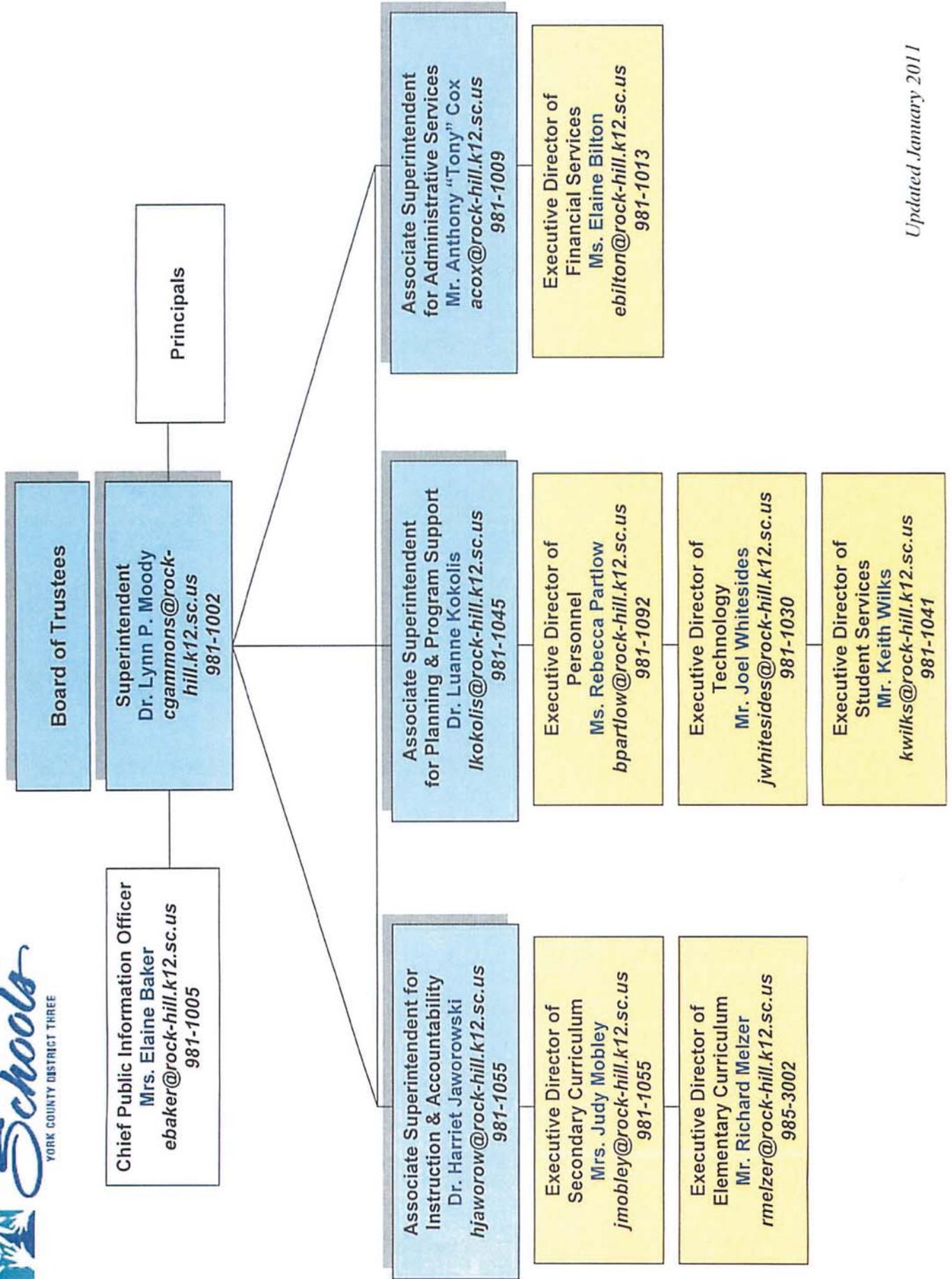
<u>Name</u>	<u>Occupation</u>	Number of Years of <u>Service</u>
Mr. Walter Brown, Sr.	Volunteer	11
Mrs. Mildred Douglas	Teacher	11
Mr. Bob Norwood (Chair)	Insurance Executive	15
Ms. Elizabeth “Ann” Reid	College Instructor	11
Dr. Jane Sharp	Retired Educator	2
Ms. Virginia “Ginny” Moe	Church Musician	2
Mr. Jim Vining	Management Consultant	13

District Personnel

<u>Name</u>	<u>Position</u>
Dr. Lynn Moody	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 28, 2012

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, 2012. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District.

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

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

PROFILE OF THE SCHOOL DISTRICT

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

The School District currently operates 17 elementary schools (grades K-5), a four year old child development center, five middle schools (grades 6-8), and three senior high schools (grades 9-12) to serve 17,318 students. The School District also has a vocational center, an adult education center, and an alternative center. The District currently has three schools of choice; The Children's School – Montessori, Northside Elementary – Arts Integration and Sunset Park Center for Accelerated Studies. All three secondary schools offer International Baccalaureate programs as well as Rosewood Elementary School, Sullivan Middle School and Saluda Trail Middle School. All schools in the School District and the School District itself are accredited by the South Carolina Department of Education and the School District is fully accredited by the Southern Association of Colleges and Schools (SACS).

REPORTING ENTITY

In August 2004, a charter school, The Children's Attention Home, was opened and is operating as an entity in York County School District Three. The School District has reviewed its operating entity definition in order to insure conformance with the Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component 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 85,000+ residents. The City encompasses over 35 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 39 million passengers annually and is the sixth busiest airport in operations. It is a hub for US Airways, has eight major carriers, and averages 620 flights daily with direct non-stop service to more than 140 destinations. Rock Hill was selected by *Business Week* magazine as one of the "best places in America to raise a family" and is a three-time award winner of America's Promise Alliance "100 Best Communities for Young People".

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 has slowed a bit, down from 4.8% in 2008 to an average annual growth rate between 1990 and 2010 of 2.7%. The County is now beginning to move away from its textile roots and is luring more financial, distribution and service companies. The School District, the largest of four school districts within the County, is located in the southeastern portion of the County about 25 miles south of Charlotte. This area contains several of the County's major companies including Resolute Forest Products (formerly Abitibi Bowater, Inc.), a paper mill and Comporium Communications, a telecommunications provider. Rock Hill is also home to Atlas Compressors, Tyco Electronics, West Marine Boating supplies, TerexAmida Industries and is the global headquarters of 3D Systems Corporation, a rapid prototyping company.

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

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

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

MAJOR INITIATIVES

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

Motto & Mission

“Engaging Students for Successful Futures”

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

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

Primary Accomplishments for FY 2011-2012 were as follows:

Saluda Trail Middle School's video on its International Baccalaureate program placed first in a world-wide IB competition.

The Ebinport Elementary School Improvement Council was selected as one of 15 councils statewide named to the South Carolina School Improvement Council's 2012 Honor Roll.

The following schools received Palmetto gold or Palmetto Silver awards for absolute performance or growth on the Palmetto Assessment of State Standards in 2011.

More than 2,000 students were provided with backpacks, school supplies and shoes with socks through the district's partnerships with Samaritan's Feet and Elevation Church. The Back-the-Pack weekend food program served 710 students in K-8.

Students in Rock Hill Schools donated an estimated \$100,000 to local and national charities during the school year.

Academic Achievement:

Rosewood Elementary (Gold)

The Children's School at Sylvia Circle (Gold)

India Hook Elementary School (Gold)

Dutchman Creek Middle School (Gold)

Castle Heights Middle School (Silver)

Sullivan Middle School (Silver)

Rawlinson Road Middle School (Silver)

Belleview Elementary School (Silver)
Ebenezer Avenue Elementary School (Silver)
Ebinport Elementary School (Silver)
Finley Road Elementary School (Silver)
Lesslie Elementary School (Silver)
Northside Elementary School of the Arts (Silver)
Richmond Driver Elementary School (Silver)
Sunset Park Center For Accelerated Studies (Silver)
York Road Elementary School (Silver)
Independence Elementary School (Silver)
Mount Gallant Elementary School (Silver)
Mount Holly Elementary School (Silver)
Saluda Trail Middle School (Silver)
Old Pointe Elementary School (Silver)

Seventy-two students graduated with Honors, and 65 students graduated with Highest Honors.

The district awarded 297 Gold Seal medallions to members of the Class of 2012 who completed a minimum of 28 units with a GPA of 4.2 or higher and no grade lower than a “C.”

College scholarships in the amount of \$23,346,568 were awarded to members of the Class of 2012.

Seventy-six students were Advanced Placement scholar candidates, and 52 were International Baccalaureate diploma candidates.

The SC High School League designated 115 seniors as scholar-athletes.

Jacquavious James (Rock Hill High School) and Henry Tran (Northwestern High School) were semifinalists in the National Achievement Scholarship Program.

The following students at the Applied Technology Center won state graphics awards: Matthew Grenner, Award of Excellence, one color textile; Mary Campbell Kellett, Award of Excellence, three or more color textiles; Krysten Massey, Best in Category one color textile; and Jennifer Espinoza placed third in screen printing.

In National History Day state competition, 12 students qualified to compete in national competition.

The ATC team of Henry Tran, Daniel Spangler and Joshua Ashworth placed first in the HOSA Bowl event in the Health Occupations Students of America state competition.

The Rock Hill High FBLA team won numerous awards at the State Leadership Conference, including Charleigh Caldwell, who placed 1st in Client Services, and Dylan Baker, Drew Bridges and Jake Walker who placed 2nd in Business Presentation.

AFJROTC Units at Northwestern, Rock Hill High and at South Pointe were selected by the Department of the Air Force as Distinguished Units with Merit.

York Road’s Gifted/Talented Destination Imagination Teams won the state championship for the second consecutive year.

Rock Hill High’s Stock Market Team was honored at the annual SCEconomics awards luncheon for “Best Overall Portfolio.”

Students from Rock Hill High and South Pointe, representing Virtual Enterprise, competed in the SC Annual Trade Fair and won 18 top awards.

Northwestern High School's literary magazine, Visions, was selected Best in State. Alecz Yeager placed 2nd in the best poem category.

The Northwestern Purple Regiment and the Rock Hill High Band of Distinction placed 2nd and 3rd, respectively, in upper-state and in state 4A marching band competition.

Rock Hill High students Alex Helms (euphonium), Carlos Fuentes (trumpet), and Amy Hunsucker (trombone) were selected as first chairs in the SC All-State Honor Band.

Eighteen middle school students were selected as members of the York County Middle School Honor Band.

Forty-four high school choral students were selected for All-State choirs.

Northwestern High School's chorus placed 2nd in performance and Rock Hill High School's chorus placed 3rd in performance and 4th in sight reading in 4-A state competition.

South Pointe High School chorus placed 2nd in performance and 3rd in sight reading in the 3A state competition.

The South Pointe Corral Concert Choir placed first in WTIV's "My School Rocks" regional competition and won \$5,000.

Bands at Dutchman Creek Middle School, Northwestern High School and Rock Hill High School were selected for Outstanding Performance Awards from the South Carolina Band Directors Association.

South Pointe's student newspaper S.P.I.N., received the SC Scholastic Press Association Palmetto Award for Best Newspaper in its class. Wade Hopper, sports editor, and Katherine Johnson, reporter were awarded Best Sports Story of the Year in the Excellence in Scholastic Newspaper Awards. Erin Fields placed 2nd in advertising, and John Davidson placed 3rd for reviews in the spring ESNA's.

The South Pointe Stallions won the 3A State Football Championship

Twelve high school sports teams were region champions.

Anna Milligan (Sullivan Middle School) won the SC wrestling Championship in her weight class.

Northwestern students Tyler Marsengill (pole vault) and Julisa Tindall (high jump) won S.C 4A championships.

Ethan Neely (Rock Hill High School) was selected as Region 3-4A Baseball Player of the Year.

Jonathan Schavey (Rock Hill High) was selected as Region 3-4A Wrestler of the Year.

South Pointe High School students Miles Lebby (triple jump) and Montay Crockett (long Jump), Brett Squibbs (pole vault) and Izzi Woodward (100-meter breaststroke) won S.C 3A championships.

Patti Tate, and English teacher at Northwestern High School and the 2010-2011 District Teacher of the Year was selected as the S.C. Teacher of the Year 2011-2012.

Melissa Remus (The Children's School), Kelly Gibson (Sullivan Middle School), Jason Brown (Rebound) and Carolyn Yetman (Rock Hill High School) were selected for the Palmetto Award for Teachers of Distinction for Social Studies.

Amy Jones (Dutchman Creek Middle School) was selected as Upper-State Resource Officer of the Year.

Lynn-Fulton-Archer (Richmond Drive Elementary School) was elected as the S.C. Spanish Teacher of the Year by the National Collegiate Spanish Honor Society.

Kendyl Futrelle (Richmond Drive Elementary School) and Thomas Urrestta (South Pointe) were selected as Beginning Teachers of the Year.

Kelly Hollingsworth, a special education teacher at Mount Holly Elementary School was selected as District Teacher of the Year 2011-2012.

Martha Compton (Finley Road Elementary School) as chosen by the S.C. Council for Exceptional Children as the Advocate of the Year.

Fourteen teachers earned National Board Certification

Devon Mitchell (Lesslie Elementary School) as chosen as one of S.C.'s 26 Distinguished Teachers of Reading.

The following coaches were selected as the Region Coach of the Year in their respective sport: Kimberly Case (South Pointe High School) football; Melvin Watson (South Pointe High School), boys' basketball; Koren McManus (Northwestern High School), cheerleading; Mitch Walters (Northwestern High School), baseball; Calvin Hudgins (Northwestern High School), boys' track; and Cesar Robles (Northwestern High School), girls' soccer.

Denise Khaalid (South Pointe High School) was selected by the National Association of Secondary School Principals as the 2012 National High School Assistant Principal of the Year.

Bill Warren (Rock Hill High School) was selected Region 4A Athletic Director of the Year.

Gail Blake, the teacher of Rock Hill High School's JAG program was selected as a state winner in the national JAG "5" of "5" Standards.

Michael Waiksnis, principal at Sullivan, was chosen by the S.C. International Reading Association as the Administrator of the Year.

FINANCIAL INFORMATION

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

Budgetary Control

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

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

All other budgets are reviewed and approved by the 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 increased \$1.8 million or 4.3% from the prior year. This was largely due to a property reassessment in York County and increased growth. The State increased funding to the District in the form of an increase in Base Student Cost from \$1,630 for 2010-2011 to \$1,880 in 2011-2012. State aide increased by \$2.8 million or 4%. Actual revenues were less than expenditures by \$ 1.3 million for the fiscal year, as the Board authorized a transfer of \$5 million to capital funds to restore previously transferred funds and to help offset the continuing capital needs of the District. The 2011-2012 budget included cost reductions as a continuation of the Board approved Financial Crisis Plan which included staff reductions, additional \$10 per student athletic fee and a continuation of program conservation. In addition the district continued and intensified its energy conservation program and continued the restructuring of the Operations Department to include the addition of an energy manager and a reduction in operations staff.

The fund balance in the general fund at year end was \$20,246,037. The administration continues to analyze the projected a fund balance need and continues to support the need to maintain at least the 12% minimum fund balance designated by the Board. 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 for 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 48 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 Wachovia/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 \$106,723 compared to \$170,259 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, 2012 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 2012 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

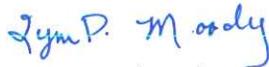
The successful completion of this CAFR would not have been possible without the commitment and hard work of many people. The entire finance staff has continued to maintain an exemplary level of performance without which this report would not be able to be completed. We would also like to thank the Instruction Department for their contributions in time and information. We would like to thank our audit firm 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
Executive Director of Financial Services



Lynn P. Moody, Ed.D.
Superintendent



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the basic financial statements of the discretely presented component unit, which statements reflect total assets and net assets of \$166,896 and \$129,099, respectively, as of June 30, 2012 and total revenues of \$419,147 for the year ended June 30, 2012. Those basic financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

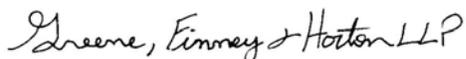
In our opinion, based on our audit and the reports of the other auditors, the basic financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rock Hill School District Three, South Carolina, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012 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* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, 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.

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 and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 28, 2012

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2012

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, 2012. 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 basic financial statements, and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011-2012 are as follows:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year yielding net assets of \$146.8 million. Of this amount, \$32.8 million may be used to meet the District's ongoing obligations (unrestricted net assets).
- The District's total net assets increased by \$15.5 million compared to an \$8.8 million increase in the prior year. This change in net assets is primarily due to an increase in taxes and other revenues of \$6.0 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$41.2 million, an increase of \$5.3 million from the prior year, which is attributable primarily to an increase in taxes and other revenues.
- At the end of the current fiscal year, total fund balance for the General Fund was \$20.2 million, which is 17% percent of total General Fund expenditures. \$17.4 million is unassigned.
- The fund balance for the General Fund decreased by \$1.3 million, as revenues and other financing sources of \$121.0 million were exceeded by expenditures and other financing uses of \$122.3 million. Included in the current year operations was a transfer of \$5.0 million from the General Fund to the Capital Projects Fund to provide additional amounts for future capital outlay.
- The District's total capital assets decreased by \$3.8 million (1.4%) during the current fiscal year, as depreciation expense of \$8.0 million exceeded net additions of \$4.2 million.
- The District's total outstanding indebtedness decreased by \$10.0 million (6.1%) during the current fiscal year, due to principal payments of \$14.6 million and defeasement of debt of \$16.0 million, partially offset by new borrowings of \$20.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The basic 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 Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 basic 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 basic 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.

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.

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

MANAGEMENT’S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide 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 Basic 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 basic 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.

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 assets. ▪ Statement of activities. 	<ul style="list-style-type: none"> ▪ Balance sheet. ▪ Statement of revenues, expenditures, and changes in fund balances. 	<ul style="list-style-type: none"> ▪ Statement of net assets. ▪ Statement of revenues, expenses, and changes in net assets. ▪ Statement of cash flows. 	<ul style="list-style-type: none"> ▪ Statement of fiduciary net assets.
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 asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used and liabilities that come due during the year or soon, thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, 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, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$146.8 million at the close of the most recent fiscal year.

The table below provides a summary of net assets for the District's Primary Government for the current and prior fiscal year:

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011 *	2012	2011	2012	2011
Assets						
Current and Other Assets	\$ 67,625,960	60,293,573	3,540,869	3,093,024	71,166,829	\$ 63,386,597
Capital Assets, Net	257,057,156	260,518,941	775,227	1,093,505	257,832,383	261,612,446
Total Assets	324,683,116	320,812,514	4,316,096	4,186,529	328,999,212	324,999,043
Liabilities						
Other Liabilities	21,540,051	23,301,803	-	-	21,540,051	23,301,803
Long Term Liabilities	160,613,340	170,381,668	-	-	160,613,340	170,381,668
Total Liabilities	182,153,391	193,683,471	-	-	182,153,391	193,683,471
Net Assets						
Invested in Capital Assets, Net of Related Debt	102,400,301	95,244,369	775,227	1,093,505	103,175,528	96,337,874
Restricted	10,914,842	8,943,308	-	-	10,914,842	8,943,308
Unrestricted	29,214,582	22,941,366	3,540,869	3,093,024	32,755,451	26,034,390
Total Net Assets	\$ 142,529,725	127,129,043	4,316,096	4,186,529	146,845,821	\$ 131,315,572

* - The District discovered that it failed to capitalize \$2,499,689 in costs incurred during fiscal 2011 for construction projects in its financial statements for the year ended June 30, 2011, thus understating its assets and net assets. The prior year amounts for capital assets and related net asset have been restated to reflect this prior period adjustment.

The District's current and other assets at June 30, 2012 increased by \$7.8 million from the prior year, primarily due to an increase in taxes and other revenues. The District's capital assets at June 30, 2012 decreased by \$3.8 million from the prior year due to depreciation expense of \$8.0 million, partially offset by additions of \$4.4 million, less disposals of \$0.2 million. The District's total liabilities at June 30, 2012 decreased by \$11.5 million from the prior year primarily due to a net reduction in outstanding indebtedness, which was the result of principal payments of \$14.6 million and defeasement of debt of \$16.0 million, partially offset by new borrowings of \$20.6 million.

The District's net assets increased by \$15.5 million during the current fiscal year as revenues exceeded expenses. See the discussion following the next table regarding this increase.

The largest portion of the District's net assets (\$103.2 million or 70.3%) 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.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the District's net assets (\$10.9 million or 7.4%) represents resources that are subject to external restrictions on how they may be used. These net assets are restricted primarily for debt service or by revenue source. The remaining portion of the District's net assets is unrestricted net assets (\$32.8 million or 22.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

	Changes in Net Assets					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2012</u>	<u>2011 *</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 1,903,326	1,970,442	2,014,405	1,991,665	3,917,731	\$ 3,962,107
Operating Grants	72,616,868	71,165,212	5,430,499	5,234,300	78,047,367	76,399,512
General Revenue and Transfers:						
Taxes	66,019,931	61,279,651	-	-	66,019,931	61,279,651
State Revenue in Lieu of Taxes	28,638,186	27,078,578	-	-	28,638,186	27,078,578
Other	1,617,046	100,673	14,814	-	1,631,860	100,673
Total Revenues	<u>170,795,357</u>	<u>161,594,556</u>	<u>7,459,718</u>	<u>7,225,965</u>	<u>178,255,075</u>	<u>168,820,521</u>
Program Expenses						
Instruction	93,925,184	80,763,678	-	-	93,925,184	80,763,678
Supporting Services	54,518,963	50,139,830	-	-	54,518,963	50,139,830
Community services	170,605	271,863	-	-	170,605	271,863
Interest and Other Charges	6,714,098	19,520,721	-	-	6,714,098	19,520,721
Food Service	-	-	7,395,976	6,873,305	7,395,976	6,873,305
Total Program Expenses	<u>155,328,850</u>	<u>150,696,092</u>	<u>7,395,976</u>	<u>6,873,305</u>	<u>162,724,826</u>	<u>157,569,397</u>
Excess (Deficiency)						
Before Transfers	15,466,507	10,898,464	63,742	352,660	15,530,249	11,251,124
Transfers In (Out)	<u>(65,825)</u>	<u>(223,404)</u>	<u>65,825</u>	<u>223,404</u>	<u>-</u>	<u>-</u>
Change in Net Assets	15,400,682	10,675,060	129,567	576,064	15,530,249	11,251,124
Net Assets, Beginning of Year	127,129,043	116,453,983	4,186,529	3,610,465	131,315,572	120,064,448
Net Assets, End of Year	<u>\$ 142,529,725</u>	<u>127,129,043</u>	<u>4,316,096</u>	<u>4,186,529</u>	<u>146,845,821</u>	<u>\$ 131,315,572</u>

* - The District discovered that it failed to capitalize \$2,499,689 in costs incurred during fiscal 2011 for construction projects in its financial statements for the year ended June 30, 2011, thus overstating supporting services and total program services and understating the change in net assets. The prior year amounts for these items have been restated to reflect this prior period adjustment.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

The District's governmental activities net assets increased by \$15.4 million in 2012, compared to \$10.7 million in 2011. This increase was due to an increase in revenues of \$9.2 million, which was partially offset by an increase in expenses and transfers of \$4.5 million. The increase in revenues was largely due to an increase in local tax revenue as the result of reassessment and growth as well as an increase in state revenue due to an increase in base student funding. The increase in expenses was largely due to a step increase for teachers, a 1.5% increase for all other employees and a \$500 bonus for all other employees.

Business-Type Activities

The District's business-type activities increased net assets in 2012 by \$130 thousand, compared to an increase of \$576 thousand in the prior year. The decrease was planned and was primarily due to an increase in expenses (primarily food costs) of \$523 thousand and a decrease in net transfers from the General Fund of \$157 thousand, partially offset by an increase in revenues (both sales of meals and USDA reimbursements) of \$234 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, 2012, the District's governmental funds reported a combined fund balance of \$41.2 million, compared to \$35.9 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, 2012, the District's unassigned fund balance for all governmental funds was \$17.4 million, which solely represents the General Fund. The remaining fund balance is comprised of \$10.8 million restricted for debt service, \$4.8 million restricted for capital projects, \$0.3 million restricted for special revenue activities, \$0.4 million in nonspendable fund balance (representing prepaid items and inventories), \$2.4 million assigned for fiscal year 2013's budgeted General Fund shortfall and \$5.0 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 \$20.2 million, of which \$17.4 million was unassigned.

The District's General Fund balance decreased \$1.3 million from the prior year, a change of \$5.4 million from the prior year's increase of \$4.1 million. The main reason for the change was the \$5.0 million that was transferred to the Capital Projects Fund. Revenues for the current year were \$118.1 million, increasing by \$5.6 million from the prior year, due primarily to higher taxes (\$3.8 million – an increase in assessed values combined with better collections, while the millage remained unchanged at 141.4 mills) and an increase in funding from the State of South Carolina (\$3.8 million, primarily due to an increase in the base student funding), partially offset by decreases in local revenues and federal funds totaling \$2.0 million. Expenditures for the current year were \$116.9 million, increasing by \$5.9 million from the prior year, due primarily to a step increase for teachers, a 1.5% increase for noncertified employees below the highest pay banded and a \$500 bonus for all employees above the highest pay banned. In addition, expenses that were previously charged to a special revenue fund returned to the General Fund with the loss of the stimulus funds. The fund balance of \$20.2 million at June 30, 2012 in the General Fund represents 17% of General Fund expenditures for the fiscal year ended June 30, 2012.

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, deferred, or returned to the grantor.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2012

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 \$1.0 million in 2012 to \$10.8 million, as revenues of \$22.1 million and other financing sources (net) of \$0.3 million exceeded expenditures of \$21.5 million. The entire fund balance is restricted for the future payment of debt service. The increase in the current year was \$0.6 million less than the prior year increase of \$1.6 million, as current year expenditures, primarily scheduled debt service payments, increased by \$1.7 million, exceeding the increase in revenues of \$0.9 million (higher property taxes due to an increase in assessed values and collections).

The Capital Projects Fund is utilized to account for the District's major capital project expenditures. The Capital Projects Fund increased by \$5.6 million during 2012 to \$9.8 million at June 30, 2012, as revenues of \$0.7 million, transfers in of \$5.0 million from the General Fund, and proceeds from bond proceeds of \$5.3 million exceeded expenditures for various technology purchases and construction projects of \$5.4 million.

Proprietary Funds

The District's only Proprietary Fund is the Food Service Fund. This program had an increase in net assets for fiscal 2012 of \$130 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 2012. Local revenue (primarily taxes) exceeded budget due to larger than expected growth. Also, state revenues were more than budget due to an increase in the base student funding during the year. Expenditures were less than budget primarily due to much lower support services, which was the result of continued focus of resources in the classroom and a lower than expected cost for employee benefits. In addition, the State awarded school districts one-time funding in the form of EIA funds which allowed the District to utilize those funds for expenses budgeted in the General Fund. Partially offsetting these items, the District transferred \$5 million from the General Fund to the Capital Projects Fund to provide funds for additional future capital outlay. This transfer was not budgeted but was approved subsequent to year-end. After this transfer, the net change in fund balance (a decrease of \$1.3 million) was better than the budgeted decrease of \$2.7 million by \$1.4 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the District had \$257.8 million invested in capital assets, net of depreciation. The total decrease in the District's investment in capital assets was \$3.8 million or 1.4%. While there was \$4.4 million in additions to capital assets, depreciation expense was \$8.0 million; there were also net disposals of \$0.2 million. Significant capital asset events during the current fiscal year included the following:

- Construction in progress for school improvements at numerous locations.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The table below shows fiscal 2012 balances compared to 2011:

**Capital Assets at June 30, 2012 and June 30, 2011
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 10,377,815	10,377,815	-	-	10,377,815	\$ 10,377,815
Construction in Progress	2,139,856	-	-	-	2,139,856	-
Buildings and Improvements	240,909,714	246,707,300	-	-	240,909,714	246,707,300
Furniture and Equipment	3,629,771	3,433,826	775,227	1,093,505	4,404,998	4,527,331
Totals	<u>\$ 257,057,156</u>	<u>260,518,941</u>	<u>775,227</u>	<u>1,093,505</u>	<u>257,832,383</u>	<u>\$ 261,612,446</u>

The District discovered that it failed to capitalize \$2,499,689 in costs incurred during fiscal 2011 for construction projects in its financial statements for the year ended June 30, 2011, thus understating its assets and net assets. The prior year amounts for capital assets in the table above have been restated to reflect this prior period adjustment.

The District has outstanding construction commitments of approximately \$1,350,000 at June 30, 2012. For more information regarding the District's capital assets and outstanding construction commitments, see Note III. C. in the Notes to the Basic Financial Statements.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

At fiscal year-end, the District had \$153.8 million in indebtedness, consisting of General Obligation bonds and capital leases, compared to \$163.8 million in the prior year, a decrease of \$10.0 million (6.1%) 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, 2012 and June 30, 2011

	Governmental Activities 2012	Governmental Activities 2011
	<u>2012</u>	<u>2011</u>
GO Bond - November 1, 2001	\$ -	\$ 3,410,000
GO Bond - November 1, 2003	5,000,000	25,500,000
GO Bond - November 15, 2005	19,505,000	19,810,000
GO Bond - March 14, 2007	56,320,000	57,685,000
GO Bond - September 23, 2009	17,775,000	18,635,000
GO Bond - September 23, 2009	-	1,705,000
GO Bond - October 7, 2010	3,120,000	4,850,000
GO Bond - October 7, 2010	23,180,000	23,180,000
GO Bond - October 19, 2011	4,740,000	-
GO Bond - October 19, 2011	15,545,000	-
Capital Lease Obligations	8,593,547	9,057,662
Total Outstanding Indebtedness	<u>\$ 153,778,547</u>	<u>\$ 163,832,662</u>

Key highlights related to the District's total indebtedness for 2012 are as follows:

- Principal payments of approximately \$14.6 million were made on the outstanding bonds and the capital lease.
- The District defeased \$16.0 million of the outstanding 2003 GO Bond.
- New borrowings of \$20.6 million, which included \$15.5 million in Refunding GO Bonds to defease a portion of the outstanding 2003 GO Bonds.

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, 2012, the District's assessed property valuation was approximately \$430.5 million. The District had approximately \$10.7 million in bonded debt subject to the 8% limit, resulting in unused legal debt margin of approximately \$23.8 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 Basic 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 School District. York County is located in the northern Piedmont portion of South Carolina and shares a common border with North Carolina. The County is an integral part of the State, which provides for some annual growth in the tax base. The area in general is growing; however Rock Hill School District Three had a decrease in average daily membership 78 students. Although a state charter school opened in the district in 2010-2011 resulting in a large decrease in student population, the district enrollment will be closely monitored and is expected to begin a slow growth as the charter school is fully enrolled.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2012

FY 2013 BUDGETS

In preparing the 2012-2013 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. While 2011-12 was a reassessment year which produced an increase in revenue, overall economic growth in South Carolina continues to be an unknown factor. For 2012 -13 anticipating growth and given an increase in base student funding from the state to \$2012, without a millage increase, the 2012-13 budget will contain additional steps for teachers, an increase in pay for other staff and will begin restoring some of the cost reduction measures imposed due to the economic downturn which began in 2009.

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 2012-13 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 ASSETS

JUNE 30, 2012

	PRIMARY GOVERNMENT			COMPONENT
	Governmental	Business-Type	Totals	UNIT
	Activities	Activities		Charter School
ASSETS				
Cash and Cash Equivalents	\$ 36,444,489	1,922	36,446,411	\$ 130,479
Cash and Investments Held by County Treasurer	23,338,018	-	23,338,018	-
Property Taxes Receivable, Net	7,038,218	-	7,038,218	-
Accounts Receivable	91,086	-	91,086	2,804
Due from State	943,743	-	943,743	-
Due from Federal	1,719,569	515,546	2,235,115	-
Internal Balances	(2,977,621)	2,977,621	-	-
Inventories and Prepaid Items	435,929	45,780	481,709	-
Bond Issuance Costs, Net	592,529	-	592,529	-
Capital Assets:				
Non-Depreciable	12,517,671	-	12,517,671	-
Depreciable, Net	244,539,485	775,227	245,314,712	33,613
TOTAL ASSETS	324,683,116	4,316,096	328,999,212	166,896
LIABILITIES				
Accounts Payable and Accrued Expenses	14,029,306	-	14,029,306	37,797
Accrued Interest Payable	1,797,355	-	1,797,355	-
Unearned Revenue	5,713,390	-	5,713,390	-
Non-Current Liabilities:				
Due Within One Year	14,609,495	-	14,609,495	-
Due in More than One Year	146,003,845	-	146,003,845	-
TOTAL LIABILITIES	182,153,391	-	182,153,391	37,797
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	102,400,301	775,227	103,175,528	33,613
Restricted For:				
Debt Service	10,627,486	-	10,627,486	-
Special Educational Programs	287,356	-	287,356	-
Unrestricted	29,214,582	3,540,869	32,755,451	95,486
TOTAL NET ASSETS	\$ 142,529,725	4,316,096	146,845,821	\$ 129,099

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

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS			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	\$ 93,925,184	1,903,326	52,860,913	-	(39,160,945)	-	\$ (39,160,945)	
Support Services	54,518,963	-	19,755,955	-	(34,763,008)	-	(34,763,008)	
Community Services	170,605	-	-	-	(170,605)	-	(170,605)	
Interest on Long-Term Obligations	6,714,098	-	-	-	(6,714,098)	-	(6,714,098)	
Total Governmental Activities	155,328,850	1,903,326	72,616,868	-	(80,808,656)	-	(80,808,656)	
Business-Type Activities:								
Food Services	7,395,976	2,014,405	5,430,499	-	-	48,928	48,928	
Total Business-Type Activities	7,395,976	2,014,405	5,430,499	-	-	48,928	48,928	
TOTAL PRIMARY GOVERNMENT	\$ 162,724,826	3,917,731	78,047,367	-	(80,808,656)	48,928	(80,759,728)	
COMPONENT UNIT								
Charter School	\$ 331,475	-	247,479	-				(83,996)
GENERAL REVENUES:								
General Revenues:								
Property Taxes Levied for General Purposes					44,283,872	-	44,283,872	-
Property Taxes Levied for Debt Service					21,736,059	-	21,736,059	-
State Revenue in Lieu of Taxes					28,638,186	-	28,638,186	-
Investment Earnings					168,407	14,814	183,221	-
Miscellaneous - Not Restricted to Specific Programs					1,448,639	-	1,448,639	171,668
Transfers In (Out)					(65,825)	65,825	-	-
Total General Revenues and Transfers					96,209,338	80,639	96,289,977	171,668
CHANGE IN NET ASSETS					15,400,682	129,567	15,530,249	87,672
NET ASSETS - Beginning of Year					124,629,354	4,186,529	128,815,883	41,427
Prior Period Adjustment					2,499,689	-	2,499,689	-
NET ASSETS, Beginning of Year, Restated					127,129,043	4,186,529	131,315,572	41,427
NET ASSETS - Ending of Year					142,529,725	4,316,096	146,845,821	\$ 129,099

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

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
ASSETS		
Cash and Cash Equivalents	\$ 36,444,389	100
Cash and Investments Held by County Treasurer	4,261,807	-
Receivables, Net:		
Taxes	5,163,789	-
Accounts	9,659	81,427
Due From:		
State	182,395	3,362
Federal	-	1,719,569
Other Funds	710,218	2,046,415
Prepaid Items	178,514	-
Inventories	257,415	-
TOTAL ASSETS	\$ 47,208,186	3,850,873
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	\$ 6,645,074	-
Accrued Salaries, Fringe & Benefits	7,306,655	-
Due To:		
Other Funds	8,476,079	1,773,911
Deferred/Unearned Revenue	4,534,341	1,789,606
TOTAL LIABILITIES	26,962,149	3,563,517
FUND BALANCES:		
Fund Balances		
Nonspendable:		
Prepaid Items	178,514	-
Inventories	257,415	-
Restricted For:		
Debt Service	-	-
Capital Projects	-	-
Special Educational Programs	-	287,356
Assigned For:		
Future Year's Expenditures	2,400,000	-
Capital Projects	-	-
Unassigned	17,410,108	-
TOTAL FUND BALANCES	20,246,037	287,356
TOTAL LIABILITIES AND FUND BALANCES	\$ 47,208,186	3,850,873

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

SPECIAL REVENUE - EIA	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	-	-	\$ 36,444,489
-	9,936,195	9,140,016	23,338,018
-	1,874,429	-	7,038,218
-	-	-	91,086
757,986	-	-	943,743
-	-	-	1,719,569
3,450,274	614,217	9,002,561	15,823,685
-	-	-	178,514
-	-	-	257,415
4,208,260	12,424,841	18,142,577	\$ 85,834,737
-	-	77,577	\$ 6,722,651
-	-	-	7,306,655
284,476	-	8,266,840	18,801,306
3,923,784	1,586,540	-	11,834,271
4,208,260	1,586,540	8,344,417	44,664,883
-	-	-	178,514
-	-	-	257,415
-	10,838,301	-	10,838,301
-	-	4,798,160	4,798,160
-	-	-	287,356
-	-	-	2,400,000
-	-	5,000,000	5,000,000
-	-	-	17,410,108
-	10,838,301	9,798,160	41,169,854
4,208,260	12,424,841	18,142,577	\$ 85,834,737

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

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

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

JUNE 30, 2012

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 41,169,854
<p>Amounts reported for the governmental activities in the Statement of Net Assets 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 deferred in the funds.</p>		6,120,881
<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 \$352,730,143, and the accumulated depreciation is \$95,672,987.</p>		257,057,156
<p>Bond issuance costs are amortized over the lives of the bonds on the statement of net assets, but on the governmental funds balance sheet these costs are expenditures the year they are incurred. The bond issuance costs of \$790,705 is shown net of accumulated amortization expense of \$198,176.</p>		592,529
<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>		(1,797,355)
<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>	(153,778,547)	
<p style="padding-left: 40px;">Net Premium</p>	(6,268,997)	
<p style="padding-left: 40px;">Compensated Absences</p>	(565,796)	(160,613,340)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		<u>\$ 142,529,725</u>

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' 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, 2012

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
REVENUES		
Local Sources:		
Taxes	\$ 43,488,722	-
Investment Earnings	106,723	-
Other Local Sources	514,893	2,403,067
State Sources	73,720,022	1,329,814
Federal Sources	55	9,840,679
Intergovernmental Revenue	250,000	259,294
TOTAL REVENUE ALL SOURCES	118,080,415	13,832,854
EXPENDITURES		
Current:		
Instruction	70,214,395	10,354,432
Support Services	45,291,497	2,928,485
Community Services	170,169	437
Intergovernmental	263,526	220,218
Capital Outlay	54,469	-
Debt Service:		
Principal Retirement	464,115	-
Interest and Fiscal Charges	418,004	-
Other Charges	-	-
TOTAL EXPENDITURES	116,876,175	13,503,572
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,204,240	329,282
OTHER FINANCING SOURCES (USES)		
Proceeds from the Sale of Capital Assets	58,028	-
Issuance of General Obligation Bonds	-	-
Issuance of General Obligation Refunding Bonds	-	-
Premium on Issuance of Bonds	-	-
Payment to Refunding Bond Escrow Agent	-	-
Transfers In	2,900,234	-
Transfers Out	(5,465,825)	(297,779)
TOTAL OTHER FINANCING SOURCES (USES)	(2,507,563)	(297,779)
NET CHANGES IN FUND BALANCES	(1,303,323)	31,503
FUND BALANCE, Beginning of Year	21,549,360	255,853
FUND BALANCE, End of Year	\$ 20,246,037	287,356

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

SPECIAL REVENUE - EIA	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	20,815,690	-	\$ 64,304,412
-	26,723	34,961	168,407
-	-	710,454	3,628,414
12,460,384	1,225,282	-	88,735,502
-	-	-	9,840,734
-	17,000	-	526,294
12,460,384	22,084,695	745,415	167,203,763
8,024,428	-	-	88,593,255
2,192,345	-	2,629,715	53,042,042
-	-	-	170,606
-	-	-	483,744
41,156	-	2,731,037	2,826,662
-	14,185,000	-	14,649,115
-	7,019,694	-	7,437,698
-	263,917	56,049	319,966
10,257,929	21,468,611	5,416,801	167,523,088
2,202,455	616,084	(4,671,386)	(319,325)
-	-	-	58,028
-	-	5,000,000	5,000,000
-	15,595,000	-	15,595,000
-	1,773,547	257,227	2,030,774
-	(17,005,514)	-	(17,005,514)
-	-	5,000,000	7,900,234
(2,202,455)	-	-	(7,966,059)
(2,202,455)	363,033	10,257,227	5,612,463
-	979,117	5,585,841	5,293,138
-	9,859,184	4,212,319	35,876,716
-	10,838,301	9,798,160	\$ 41,169,854

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

YEAR ENDED JUNE 30, 2012

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 5,293,138
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.	3,591,471
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 Assets.	14,649,115
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 Assets.	17,005,514
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 Assets. This is the proceeds and premiums received in the current year	(22,625,774)
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.	40,545
Bond issuance costs are expenditures the year they are incurred in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities.	189,528
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.	1,036,532
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.	(317,602)
In the Statement of Activities the transfer of capital assets to enterprise fund activities is reported, whereas in the governmental funds, no amounts are reported since capital assets are not considered a current financial resource.	(227,797)
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 \$4,423,707 was exceeded by depreciation expense of \$7,657,695 during the year.	(3,233,988)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 15,400,682

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

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

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2012

	<u>ENTERPRISE</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,922
Due From:	
Federal Agencies	515,546
Other Funds	2,977,621
Inventories	45,780
Total Current Assets	<u>3,540,869</u>
Non-Current Assets:	
Capital Assets	4,383,795
Less: Accumulated Depreciation	(3,608,568)
Total Non-Current Assets	<u>775,227</u>
TOTAL ASSETS	<u>4,316,096</u>
NET ASSETS	
Invested in Capital Assets	775,227
Unrestricted	3,540,869
TOTAL NET ASSETS	<u>\$ 4,316,096</u>

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

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

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

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2012

	<u>ENTERPRISE</u>
OPERATING REVENUES	
Proceeds from Sale of Meals	\$ 2,014,405
OPERATING EXPENSES	
Salaries and Benefits	2,776,267
Purchased Services	113,223
Food Costs and Supplies	4,139,415
Depreciation	346,793
Other	20,278
TOTAL OPERATING EXPENSES	<u>7,395,976</u>
OPERATING LOSS	<u>(5,381,571)</u>
NON-OPERATING REVENUES (EXPENSES)	
Commodities Received from USDA	391,448
USDA Reimbursements	5,026,887
Interest	14,814
Other Revenue	12,164
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>5,445,313</u>
INCOME BEFORE TRANSFERS	63,742
Transfer In - From General Fund	465,825
Transfer Out - Food Service Fund Indirect Costs	<u>(400,000)</u>
CHANGE IN NET ASSETS	129,567
TOTAL NET ASSETS, Beginning of Year	<u>4,186,529</u>
TOTAL NET ASSETS, End of Year	<u>\$ 4,316,096</u>

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

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

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2012

	<u>ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Meal Sales	\$ 2,014,405
Receipts from Other Revenues	2,436
Payments to Employees for Services	(2,776,267)
Payments to Suppliers for Goods and Services	(3,758,307)
NET CASH USED IN OPERATING ACTIVITIES	<u>(4,517,733)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Reimbursement	4,548,165
Other Federal Revenues	9,728
Transfers From (To) Other Funds	(26,459)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>4,531,434</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(28,516)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(28,516)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Earnings	14,814
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>14,814</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,923</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 1,922</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (5,381,571)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation Expense	346,793
Non-Cash USDA Commodities Used	391,448
Other Non-Operating Revenues	2,436
Change In:	
Inventories	123,161
Net Cash Used in Operating Activities	<u>\$ (4,517,733)</u>
Non-Cash Transactions:	
Commodities Received from the USDA	\$ 391,448

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

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

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2012

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 10,100
Receivables	1,043,122
TOTAL ASSETS	<u>\$ 1,053,222</u>
LIABILITIES	
Due to Student Organizations	\$ 1,053,222
TOTAL LIABILITIES	<u>\$ 1,053,222</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

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

As required by accounting principles generally accepted in the United States of America ("GAAP"), these basic financial statements present the District and its component unit. 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. 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. Finally, an entity could be a component unit even if it met all the conditions for fiscal independency described above if excluding it would cause the District's basic financial statements to be misleading or incomplete. 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. Discretely presented component units, on the other hand, are reported in a separate column in the basic 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 Assets 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 BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental 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.

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* are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Proprietary Fund financial statements. The Fiduciary Fund financial statements are presented using the *accrual basis of accounting*. 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 BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The 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.

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. The District applies all applicable Governmental Accounting Standards Board ("GASB") pronouncements, as well as the requirements of Financial Accounting Standards Board ("FASB") Statements and interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs"), issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District has elected not to apply the standards issued by those organizations after November 30, 1989 for the proprietary fund. This fund, however, has applied all applicable pronouncements issued by the Governmental Accounting Standards Board (“GASB”).

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.

C. Assets, Liabilities 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

Investments (Continued)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

Investments (Continued)

- 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.

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 assets, 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, 2012, 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 Assets, 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 Assets and in the respective fund financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (continued)

Capital Assets (continued)

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:

<u>Asset Category</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings and improvements	50 years	20 years
Furniture and equipment	3 – 7 years	3 – 12 years

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 basic 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (continued)

Accrued Liabilities and Long-Term Obligations (Continued)

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

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

Fund Balance

In accordance with Governmental Accounting Standards Board (“GASB”) 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.

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 General Fund assignment of fund balance of \$2,400,000 represents the use of fund balance in the fiscal year 2013 budget approved by the Board of Trustees. The Capital Projects Fund assignment of fund balance of \$5,000,000 represents a transfer of that amount from the General Fund to the Capital Projects Fund for future capital projects, as approved by the Board of Trustees subsequent to June 30, 2012 but effective for the year ended June 30, 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (continued)

Fund Balance (Continued)

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 Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been expended, is included in the same net assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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 the general purpose financial statements in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2011 statements have been reclassified to conform to the 2012 presentation.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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, 2012. 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 schools' 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, 2012. 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, 2012, none of the District's bank balances (including fiduciary funds) of approximately \$1,395,000, which had a carrying value of approximately \$1,037,000, were exposed to custodial credit risk.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments

As of June 30, 2012, 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 ^	\$ 35,419,574	\$ 35,419,574
Cash and Investments Held by County Treasurer	Unrated ^	23,338,018	23,338,018
Total		<u>\$ 58,757,592</u>	<u>\$ 58,757,592</u>

^ 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, 2012, 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 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 BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Property Taxes 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.

Intergovernmental receivables at June 30, 2012 consisted of intergovernmental grants and reimbursements. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables at June 30, 2012 were as follows:

Due from the federal government:	
Food Service	\$ 515,546
Special Projects	1,719,569
Total due from the federal government	<u>2,235,115</u>
Due from state agencies:	
General fund	182,395
Education Improvement Act	757,986
Other special revenue programs	3,362
Total due from state agencies	<u>943,743</u>
Total intergovernmental receivables	<u><u>\$ 3,178,858</u></u>

Receivables for property taxes are reported net of the allowance for uncollectible accounts. Taxes receivable of approximately \$5,164,000 in the General Fund and approximately \$1,874,000 in the Debt Service Fund are reported net of an allowance for uncollectible amounts of approximately \$272,000 and \$99,000, respectively. Allowances for uncollectible amounts were not necessary for the other receivable accounts.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Property Taxes and Other Receivables (Continued)

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2012, deferred revenue related to property taxes reported in the governmental funds totaled approximately \$4,534,000 and \$1,587,000 in the General and Debt Service Funds, respectively. Unearned revenues in the special revenue funds totaled approximately \$5,713,000 at June 30, 2012.

C. Capital Assets

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

Government Activities:	Beginning Balance *	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 10,377,815	-	-	\$ 10,377,815
Construction in Progress	-	2,139,856	-	2,139,856
Total Capital Assets, Not Being Depreciated	<u>10,377,815</u>	<u>2,139,856</u>	<u>-</u>	<u>12,517,671</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	325,937,657	737,326	-	326,674,983
Furniture and Equipment	13,199,386	1,546,525	1,208,422	13,537,489
Total Capital Assets Being Depreciated	<u>339,137,043</u>	<u>2,283,851</u>	<u>1,208,422</u>	<u>340,212,472</u>
Less: Accumulated Depreciation For:				
Buildings and Improvements	79,230,357	6,534,912	-	85,765,269
Furniture and Equipment	9,765,560	1,122,783	980,625	9,907,718
Total Accumulated Depreciation	<u>88,995,917</u>	<u>7,657,695</u>	<u>980,625</u>	<u>95,672,987</u>
Total Capital Assets, Being Depreciated, Net	<u>250,141,126</u>	<u>(5,373,844)</u>	<u>227,797</u>	<u>244,539,485</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 260,518,941</u>	<u>(3,233,988)</u>	<u>227,797</u>	<u>\$ 257,057,156</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Equipment	\$ 4,365,635	28,516	10,356	\$ 4,383,795
Less: Accumulated Depreciation	3,272,130	346,794	10,356	3,608,568
Total Business-Type Activities Capital Assets, Net	<u>\$ 1,093,505</u>	<u>(318,278)</u>	<u>-</u>	<u>\$ 775,227</u>

* During the year ended June 30, 2012, the District discovered that it had failed to capitalize approximately \$2,500,000 in costs incurred during fiscal 2011 for construction projects, resulting in an understatement of capital assets and net assets in the Statement of Net Assets at June 30, 2011. The beginning balance above has been restated to correctly reflect this amount in Buildings and Improvements. This amount is also reflected as a Prior Period Adjustment in the Statement of Activities for the year ended June 30, 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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	\$	4,760,261
Support Services		2,897,434
Total Charged to Governmental Activities	<u>\$</u>	<u>7,657,695</u>

The District has outstanding commitments related to construction activities totaling approximately \$1,350,000 at June 30, 2012.

D. Long-Term Obligations

A summary of changes in long-term obligations for the year ended June 30, 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligations Bonds					
Series 2001	\$ 3,410,000	-	3,410,000	-	\$ -
Series 2003	25,500,000	-	20,500,000	5,000,000	5,000,000
Series 2005A	19,810,000	-	305,000	19,505,000	975,000
Series 2007A	57,685,000	-	1,365,000	56,320,000	285,000
Series 2009A	18,635,000	-	860,000	17,775,000	875,000
Series 2009B	1,705,000	-	1,705,000	-	-
Series 2010A	4,850,000	-	1,730,000	3,120,000	1,800,000
Series 2010B	23,180,000	-	-	23,180,000	4,115,000
Series 2011A	-	5,000,000	260,000	4,740,000	440,000
Series 2011B	-	15,595,000	50,000	15,545,000	50,000
Total General Obligation Bonds	<u>154,775,000</u>	<u>20,595,000</u>	<u>30,185,000</u>	<u>145,185,000</u>	<u>13,540,000</u>
Unamortized Bond Premiums	6,077,773	2,030,774	1,839,550	6,268,997	-
Total Bonds	160,852,773	22,625,774	32,024,550	151,453,997	13,540,000
Capital Lease Obligations	9,057,662	-	464,115	8,593,547	503,699
Compensated Absences	471,233	542,673	448,110	565,796	565,796
Total Governmental Activities	<u>\$ 170,381,668</u>	<u>23,168,447</u>	<u>32,936,775</u>	<u>160,613,340</u>	<u>\$ 14,609,495</u>

Compensated absences are paid from the fund where the employee's salary is paid. General obligation 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 BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General obligation bonds consist of the following at June 30, 2012:

Date/Description of Issue	Interest Rate	Payment Dates	Maturity	Original Issue Amount	Outstanding Balance
September 1, 2003 - Series 2003	4.25 - 5.00%	Mar./Sept.	2016	\$ 42,500,000	\$ 5,000,000
November 15, 2005 - Series 2005A	4.00 - 5.00%	Mar./Sept.	2025	23,000,000	19,505,000
March 14, 2007 - Series 2007A	3.25 - 5.00%	Mar./Sept.	2032	63,000,000	56,320,000
September 23, 2009 - Series 2009A	2.00 - 5.00%	Mar./Sept.	2029	19,000,000	17,775,000
October 7, 2010 - Series 2010A	3.00 - 4.00%	Mar./Sept.	2015	5,000,000	3,120,000
October 7, 2010 - Series 2010B	5.00%	Mar./Sept.	2017	23,180,000	23,180,000
October 19, 2011 - Series 2011A	2.00 - 3.00%	Mar./Sept.	2015	5,000,000	4,740,000
October 19, 2011 - Series 2011B	2.00 - 5.00%	Mar./Sept.	2016	15,595,000	15,545,000
Total General Obligation Bonds				\$ 196,275,000	\$ 145,185,000

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 \$8,594,000 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 \$1,274,000, respectively, at June 30, 2012. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

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, 2012, there were no amounts outstanding for arbitrage rebates.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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, 2012:

Year Ending June 30,	General Obligation Bonds			Capital Lease Obligation			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
2013	\$ 13,540,000	6,425,215	19,965,215	503,699	332,909	836,608	\$ 20,801,823
2014	14,125,000	5,808,165	19,933,165	545,412	312,114	857,526	20,790,691
2015	14,740,000	5,245,665	19,985,665	589,343	289,619	878,962	20,864,627
2016	12,035,000	4,585,515	16,620,515	635,599	265,334	900,933	17,521,448
2017	7,270,000	4,039,865	11,309,865	684,299	239,164	923,463	12,233,328
2018-2022	27,760,000	15,995,170	43,755,170	4,244,070	730,216	4,974,286	48,729,456
2023-2027	30,675,000	9,116,885	39,791,885	1,391,125	39,708	1,430,833	41,222,718
2028-2032	25,040,000	3,392,113	28,432,113	-	-	-	28,432,113
Totals	<u>\$ 145,185,000</u>	<u>54,608,593</u>	<u>199,793,593</u>	<u>8,593,547</u>	<u>2,209,064</u>	<u>10,802,611</u>	<u>\$ 210,596,204</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 \$10,655,000 in outstanding bonded indebtedness that was subject to the 8% debt limit at June 30, 2012; the remaining debt margin available to the District was approximately \$23,787,000 as of June 30, 2012.

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, 2012:

Governmental Activities:	Beginning	Additions	Reductions	Ending
	Balance			Balance
Tax Anticipation Notes	\$ -	9,360,373	9,360,373	\$ -
Total Governmental Activities	<u>\$ -</u>	<u>9,360,373</u>	<u>9,360,373</u>	<u>\$ -</u>

The District issued a short-term Tax Anticipation Note in July 2011 for approximately \$9,363,000 with an annual interest rate of 1.5%. This Note was issued to fund on-going operations in the first half of fiscal 2012 until property tax revenues were collected. This Note plus interest of approximately \$66,000 was repaid in January 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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, 2012, consisted of the following:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
General Fund	\$ 2,900,234	\$ 5,465,825
Special Projects Fund	-	297,779
Special Revenue - EIA Fund	-	2,202,455
Capital Projects Fund	5,000,000	-
<u>Proprietary Fund:</u>		
Enterprise - Food Service	465,825	400,000
Totals	<u>\$ 8,366,059</u>	<u>\$ 8,366,059</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, 2012 (all of which are expected to be repaid within one year), are summarized as follows:

	Receivables	Payables
<u>Governmental Funds:</u>		
General Fund	\$ 710,218	\$ 8,476,079
Special Revenue Fund	2,046,415	1,773,911
Special Revenue - EIA Fund	3,450,274	284,476
Debt Service Fund	614,217	-
Capital Projects Fund	9,002,561	8,266,840
<u>Proprietary Fund:</u>		
Enterprise - Food Service	2,977,621	-
Totals	<u>\$ 18,801,306</u>	<u>\$ 18,801,306</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION

A. Retirement Plan

South Carolina Retirement System Retirement Plans

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

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

The employee required contribution rates to the SCRS and SCPORS plans were 6.50% of covered salary for the years ended June 30, 2012, 2011, and 2010, respectively. The employer required contribution rate to the SCRS plan was 9.385%, 9.24%, and 9.24% for the years ended June 30, 2012, 2011, and 2010, respectively. The District's contributions to the SCRS, including life insurance, for the years ended June 30, 2012, 2011, and 2010 were approximately \$7,977,000, \$7,863,000, and \$8,523,000, respectively, which are equal to the required contributions. The employer required contribution rate for the SCPORS was 11.363%, 11.13%, and 10.65% for the years ended June 30, 2011, 2010, and 2009, respectively. The District's contributions to the PORS, including life insurance, for the year ended June 30, 2012 was approximately \$3,000, which is equal to the required contributions.

The State of South Carolina also provides an optional retirement plan ("State ORP"). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the IRC. The State ORP is a defined contribution plan that provides retirement and survivor benefits for certain administrative positions which allows them to participate. As an alternative to the South Carolina Retirement System, employees eligible for the State ORP may choose between the State ORP plan or the SCRS plan. Employee required contribution rates to the State ORP were 6.50% of covered salary for the years ended June 30, 2012, 2011, and 2010, respectively. The employer required contribution rates are 9.385%, 9.24%, and 9.24% for the years ended June 30, 2012, 2011, and 2010. For which in 2012, 2011, and 2010, 5% of the employer required contribution is remitted to the employees authorized investment providers with the balance being remitted to the South Carolina Retirement System. Total contribution requirements (excluding the surcharge) for the years ended June 30, 2012, 2011, and 2010 to the ORP were approximately \$763,000, \$803,000, and \$705,000, respectively, from the District as an employer.

In addition to the above rates, participating employers have contributed (a) .15% of payroll for the SCRS and State ORP and .20% for SCPORS to provide a group life insurance benefit for their participants (for the current and preceding two years), (b) .20% of payroll for SCPORS to provide for accidental death coverage (for the current and preceding two years), and (c) 4.3%, 3.9%, and 3.5% surcharge on payroll for retiree health and dental insurance and group life insurance benefit for their active participants for the years ended June 30, 2012, 2011, and 2010, respectively.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (Continued)

B. Post-Employment Health Care Benefits

In addition to the pension benefits, and in accordance with provisions of the State Appropriations Act, an employer contribution surcharge (4.30% for 2012) percent of covered payroll was added to State and Public School entities covered by the State Health Insurance Program. This assessment is for the purpose of providing retiree health insurance coverage on a pay-as-you-go basis, and is remitted to the Division of Insurance Services. No additional employee contributions are required. The annual contribution rate is determined based on a state-wide estimate of annual premiums and covered payroll. The District paid approximately \$3,971,000, \$3,605,000, and \$3,500,000 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2012, 2011 and 2010.

All postretirement benefits paid to the District's retired members are made from the SCRS and from South Carolina's General Fund (Health Care). The District has no liability beyond the payment of monthly contributions. See Note 10.A for more details.

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 \$624,000 for the year ended June 30, 2012.

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, 2012, 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 March 2008. The lease requires a minimum monthly payment of approximately \$18,000 for a term of 60 months expiring in February 2013. It is anticipated that similar leases will be continued when this lease expires. Lease expense for the year ended June 30, 2012 was approximately \$216,000. The lease expires in February 2013, and the remaining commitments under this lease are approximately \$126,000.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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. Pending Implementation of GASB Statement on Pensions

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

In particular, this Statement will require the District to report a net pension liability for its participation in the South Carolina Retirement System on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Assets for the government-wide statements) and present more extensive note disclosures. In general, it should not have a significant impact on the District's governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the District's net assets. GASB 68 is required to be implemented by the District no later than the fiscal year ending June 30, 2015.

H. Subsequent Events

In July 2012, the District entered into a Tax Anticipation Note ("TAN") program with the South Carolina Association of Governmental Organizations ("SCAGO") in the amount of approximately \$8,820,000 to provide financial resources for operations. The District has drawn down the entire amount available as of the date of issuance of the financial statements. This Note, including interest at an effective rate of 0.17%, is due in full at maturity in the spring of 2013.

In September 2012, the District entered into a General Obligation Debt Program with SCAGO, issuing its Series 2012 General Obligation Bonds in the amount of \$6,000,000 to provide funds for facilities and technology upgrades. The General Obligation Bonds include interest at rates ranging from 4% to 5%, with annual principal payments ranging from approximately \$342,000 to approximately \$2,499,000 and a final maturity in March 2017.

In July 2012, the Children's Attention Home Charter School changed its name to The Palmetto School at the Children's Attention Home.

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.

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ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 41,250,000	41,250,000	43,488,722	\$ 2,238,722
Investment Earnings	100,000	100,000	106,723	6,723
Other Local Sources	87,000	87,000	514,893	427,893
State Sources	72,726,800	72,726,800	73,720,022	993,222
Federal Sources	188,400	188,400	55	(188,345)
Intergovernmental Revenue	250,000	250,000	250,000	-
TOTAL REVENUE ALL SOURCES	114,602,200	114,602,200	118,080,415	3,478,215
EXPENDITURES				
Current:				
Instruction	71,034,291	71,034,291	70,214,395	819,896
Support Services	47,443,005	47,443,005	45,291,497	2,151,508
Community Services	155,155	155,155	170,169	(15,014)
Intergovernmental	185,000	185,000	263,526	(78,526)
Capital Outlay	51,955	51,955	54,469	(2,514)
Debt Service:				
Principal Retirement	464,115	464,115	464,115	-
Interest and Fiscal Charges	352,091	352,091	418,004	(65,913)
TOTAL EXPENDITURES	119,685,612	119,685,612	116,876,175	2,809,437
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,083,412)	(5,083,412)	1,204,240	6,287,652
OTHER FINANCING SOURCES (USES)				
Proceeds from the Sale of Capital Assets	100,000	100,000	58,028	(41,972)
Transfers In	2,622,800	2,622,800	2,900,234	277,434
Transfers Out	(300,000)	(300,000)	(5,465,825)	(5,165,825)
TOTAL OTHER FINANCING SOURCES (USES)	2,422,800	2,422,800	(2,507,563)	(4,930,363)
NET CHANGES IN FUND BALANCES	(2,660,612)	(2,660,612)	(1,303,323)	1,357,289
FUND BALANCES, Beginning of Year	21,549,360	21,549,360	21,549,360	-
FUND BALANCES, End of Year	\$ 18,888,748	18,888,748	20,246,037	\$ 1,357,289

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.

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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 BALANCES -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenues from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 29,900,000	31,532,587	\$ 1,632,587
1140 Penalties & Interest on Taxes (Independent)	1,800,000	2,016,001	216,001
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	7,250,000	7,641,323	391,323
1240 Penalties & Interest on Taxes (Dependent)	400,000	422,858	22,858
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,900,000	1,875,953	(24,047)
1300 Tuition:			
1310 From Patrons for Regular Day School	62,000	13,432	(48,568)
1320 From Other LEAs for Regular Day School	-	6,924	6,924
1400 Transportation Fees:			
1420 From Patrons for Summer School	-	5,516	5,516
1500 Earnings on Investments:			
1510 Interest on Investments	100,000	106,723	6,723
1900 Other Revenue from Local Sources:			
1910 Rentals	-	194,548	194,548
1920 Contributions & Donations Private Sources	-	(20,389)	(20,389)
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	10,055	10,055
1999 Revenue from Other Local Sources	25,000	304,807	279,807
Total Revenue from Local Sources	<u>41,437,000</u>	<u>44,110,338</u>	<u>2,673,338</u>
2000 Intergovernmental Revenue:			
2100 Payments from Other Governmental Units	250,000	250,000	-
Total Intergovernmental Revenue	<u>250,000</u>	<u>250,000</u>	<u>-</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	25,000	12,567	(12,433)
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	600,000	660,274	60,274
3161 EAA Bus Driver Salary	2,300	3,119	819
3162 Transportation Workers' Compensation	-	52,955	52,955
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	13,600,000	13,665,178	65,178
3181 Retiree Insurance (No Carryover Provision)	2,300,000	2,691,761	391,761
3199 Other Restricted State Grants	\$ -	3,490	\$ 3,490

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	\$ 2,285,000	2,277,250	\$ (7,750)
3312 Primary	6,240,000	6,230,942	(9,058)
3313 Elementary	7,971,000	8,090,518	119,518
3314 High School	4,110,000	3,850,226	(259,774)
3315 Trainable Mentally Handicapped	108,000	107,321	(679)
3316 Speech Handicapped (Part-Time Program)	1,530,000	1,421,795	(108,205)
3317 Homebound	76,000	86,342	10,342
3320 Part-Time Programs:			
3321 Emotionally Handicapped	176,000	165,774	(10,226)
3322 Educable Mentally Handicapped	97,000	96,569	(431)
3323 Learning Disabilities	3,740,000	3,573,748	(166,252)
3324 Hearing Handicapped	140,000	123,723	(16,277)
3325 Visually Handicapped	76,000	88,909	12,909
3326 Orthopedically Handicapped	81,000	98,591	17,591
3327 Vocational	3,900,000	3,849,490	(50,510)
3330 Other EFA Programs:			
3331 Autism	270,000	340,962	70,962
3350 Residential Treatment Facilities (RTF)	-	1,903	1,903
3375 Education Foundation Supplement	400,000	689,665	289,665
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)	16,000,000	16,374,861	374,861
3830 Merchant's Inventory Tax	221,500	221,539	39
3840 Manufacturers Depreciation Reimbursement	1,000,000	1,168,781	168,781
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	78,000	70,379	(7,621)
Total Revenue from State Sources	<u>72,726,800</u>	<u>73,720,022</u>	<u>993,222</u>
4000 Revenue from Federal Sources:			
4100 Federally Impacted Areas:			
4110 Maintenance & Operations (P.L. 874)	-	55	55
4900 Other Federal Sources:			
4999 Revenue from Other Federal Sources	188,400	-	(188,400)
Total Revenue from Federal Sources	<u>188,400</u>	<u>55</u>	<u>(188,345)</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 114,602,200</u>	<u>118,080,415</u>	<u>\$ 3,478,215</u>

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

EXPENDITURES	REVISED BUDGET	ACTUAL	VARIANCE
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	\$ 3,964,935	3,972,130	\$ (7,195)
200 Employee Benefits	1,452,856	1,402,047	50,809
300 Purchased Services	92,984	92,984	-
400 Supplies and Materials	44,608	41,859	2,749
112 Primary Programs:			
100 Salaries	10,704,383	10,770,521	(66,138)
200 Employee Benefits	3,537,346	3,330,843	206,503
300 Purchased Services	196,913	195,927	986
400 Supplies and Materials	189,667	171,968	17,699
113 Elementary Programs:			
100 Salaries	17,661,735	17,717,194	(55,459)
200 Employee Benefits	5,805,101	5,602,932	202,169
300 Purchased Services	364,574	351,840	12,734
400 Supplies and Materials	336,245	319,874	16,371
500 Capital Outlay	1,810	-	1,810
600 Other Objects	1,565	1,565	-
114 High School Programs:			
100 Salaries	11,421,048	11,459,724	(38,676)
200 Employee Benefits	3,734,328	3,618,778	115,550
300 Purchased Services	229,741	218,502	11,239
400 Supplies and Materials	390,225	369,787	20,438
600 Other Objects	2,807	2,905	(98)
115 Career and Technology Education Program:			
100 Salaries	2,135,795	2,104,053	31,742
200 Employee Benefits	706,962	674,499	32,463
300 Purchased Services - Other Than Tuition	34,481	36,240	(1,759)
400 Supplies and Materials	128,897	115,049	13,848
500 Capital Outlay	5,500	-	5,500
600 Other Objects	2,958	2,458	500
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	650,608	623,482	27,126
200 Employee Benefits	147,978	160,594	(12,616)
300 Purchased Services	14,880	14,880	-
400 Supplies and Materials	1,708	1,480	228
122 Trainable Mentally Handicapped:			
100 Salaries	56,141	50,714	5,427
200 Employee Benefits	17,227	18,102	(875)
300 Purchased Services	17,999	17,999	-
400 Supplies and Materials	\$ 2,427	1,917	\$ 510

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
123 Orthopedically Handicapped:			
100 Salaries	\$ 2,179	6,197	\$ (4,018)
200 Employee Benefits	827	2,083	(1,256)
300 Purchased Services	1,787	1,787	-
124 Visually Handicapped:			
100 Salaries	108,470	100,885	7,585
200 Employee Benefits	33,686	25,860	7,826
300 Purchased Services	400	400	-
125 Hearing Handicapped:			
100 Salaries	179,508	186,795	(7,287)
200 Employee Benefits	61,201	64,280	(3,079)
300 Purchased Services	1,383	1,383	-
126 Speech Handicapped:			
100 Salaries	37,000	39,223	(2,223)
200 Employee Benefits	15,000	6,892	8,108
300 Purchased Services	120,000	83,055	36,945
400 Supplies and Materials	3,573	3,572	1
127 Learning Disabilities:			
100 Salaries	2,954,358	2,932,822	21,536
140 Terminal Leave	-	-	-
200 Employee Benefits	967,785	917,830	49,955
300 Purchased Services	34,949	34,949	-
400 Supplies and Materials	11,469	11,032	437
128 Emotionally Handicapped:			
100 Salaries	224,995	227,639	(2,644)
200 Employee Benefits	69,509	70,672	(1,163)
300 Purchased Services	6,866	6,866	-
400 Supplies and Materials	788	719	69
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	237,450	236,463	987
200 Employee Benefits	83,379	71,712	11,667
300 Purchased Services	5,855	5,855	-
400 Supplies and Materials	2,050	2,085	(35)
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds)			
100 Salaries	62,905	57,763	5,142
200 Employee Benefits	21,160	15,425	5,735
300 Purchased Services	2,512	2,512	-
139 Early Childhood Programs:			
100 Salaries	393,192	403,851	(10,659)
200 Employee Benefits	120,613	115,983	4,630
300 Purchased Services	8,573	8,573	-
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	153,281	159,191	(5,910)
200 Employee Benefits	46,211	49,603	(3,392)
400 Supplies and Materials	\$ 254	253	\$ 1

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
145 Homebound:			
100 Salaries	\$ 280,000	219,071	\$ 60,929
200 Employee Benefits	61,824	47,490	14,334
300 Purchased Services	3,410	3,824	(414)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	270,832	268,410	2,422
200 Employee Benefits	87,766	84,717	3,049
300 Purchased Services	3,771	3,771	-
400 Supplies and Materials	900	895	5
170 Summer School Programs:			
173 High School Summer School:			
100 Salaries	7,000	-	7,000
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	82,061	82,458	(397)
200 Employee Benefits	26,406	25,362	1,044
300 Purchased Services	750	643	107
400 Supplies and Materials	5,732	5,637	95
600 Other Objects	487	563	(76)
188 Parenting/Family Literacy:			
100 Salaries	100,750	95,596	5,154
200 Employee Benefits	43,021	32,763	10,258
300 Purchased Services	9,577	6,831	2,746
400 Supplies and Materials	25,844	19,307	6,537
600 Other Objects	60	-	60
Total Instruction	<u>71,039,791</u>	<u>70,214,395</u>	<u>825,396</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	402,978	408,562	(5,584)
200 Employee Benefits	131,804	122,915	8,889
300 Purchased Services	8,413	7,531	882
400 Supplies and Materials	6,856	5,872	984
600 Other Objects	388	15	373
212 Guidance Services:			
100 Salaries	2,251,689	2,304,733	(53,044)
200 Employee Benefits	709,592	700,555	9,037
300 Purchased Services	5,689	2,066	3,623
400 Supplies and Materials	28,410	27,993	417
600 Other Objects	\$ 1,504	1,030	\$ 474

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
213 Health Services:			
100 Salaries	\$ 1,014,453	697,329	\$ 317,124
200 Employee Benefits	335,892	213,591	122,301
300 Purchased Services	63,050	61,634	1,416
400 Supplies and Materials	28,492	28,140	352
600 Other Objects	2,775	1,998	777
214 Psychological Services:			
100 Salaries	736,919	747,728	(10,809)
200 Employee Benefits	219,984	212,029	7,955
300 Purchased Services	85,500	64,249	21,251
400 Supplies and Materials	3,120	2,507	613
216 Vocational Placement Services:			
100 Salaries	124,180	139,343	(15,163)
200 Employee Benefits	39,947	37,438	2,509
300 Purchased Services	18,305	1,754	16,551
400 Supplies and Materials	3,180	3,399	(219)
600 Other Objects	100	89	11
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	956,667	989,612	(32,945)
200 Employee Benefits	281,970	271,206	10,764
300 Purchased Services	641,875	266,422	375,453
400 Supplies and Materials	129,860	75,476	54,384
500 Capital Outlay	13,506	-	13,506
600 Other Objects	88,600	60,113	28,487
222 Library and Media Services:			
100 Salaries	1,465,022	1,466,118	(1,096)
200 Employee Benefits	465,477	453,674	11,803
300 Purchased Services	11,412	10,770	642
400 Supplies and Materials	151,219	148,052	3,167
600 Other Objects	100	-	100
223 Supervision of Special Programs:			
100 Salaries	215,809	226,475	(10,666)
200 Employee Benefits	72,489	72,269	220
300 Purchased Services	10,402	8,596	1,806
400 Supplies and Materials	9,100	8,614	486
600 Other Objects	500	-	500
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	396,254	257,555	138,699
200 Employee Benefits	121,593	78,099	43,494
300 Purchased Services	46,070	23,462	22,608
400 Supplies and Materials	\$ 4,406	2,361	\$ 2,045

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	\$ 44,400	48,000	\$ (3,600)
200 Employee Benefits	682,009	140,687	541,322
300 Purchased Services	100,188	63,210	36,978
318 Audit Services	40,008	48,900	(8,892)
400 Supplies and Materials	1,900	513	1,387
600 Other Objects	6,500	29,671	(23,171)
232 Office of Superintendent:			
100 Salaries	258,947	268,792	(9,845)
200 Employee Benefits	72,945	70,662	2,283
300 Purchased Services	18,867	11,305	7,562
400 Supplies and Materials	7,792	3,758	4,034
600 Other Objects	59,950	23,916	36,034
233 School Administration:			
100 Salaries	7,514,159	7,573,794	(59,635)
140 Terminal Leave	-	8,847	(8,847)
200 Employee Benefits	2,487,110	2,362,686	124,424
300 Purchased Services	188,433	154,021	34,412
400 Supplies and Materials	338,508	316,648	21,860
500 Capital Outlay	8	-	8
600 Other Objects	15,801	11,824	3,977
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	514,722	518,115	(3,393)
200 Employee Benefits	161,000	155,996	5,004
300 Purchased Services	98,704	61,676	37,028
400 Supplies and Materials	42,199	64,208	(22,009)
500 Capital Outlay	2,500	-	2,500
600 Other Objects	1,375	1,816	(441)
254 Operation and Maintenance of Plant:			
100 Salaries	3,916,060	3,925,102	(9,042)
140 Terminal Leave	-	1,644	(1,644)
200 Employee Benefits	1,507,732	1,373,584	134,148
300 Purchased Services	3,986,746	4,399,458	(412,712)
400 Supplies and Materials	5,193,531	5,077,818	115,713
500 Capital Outlay	50,463	171,749	(121,286)
600 Other Objects	17,000	4,200	12,800
255 Student Transportation (State Mandated):			
100 Salaries	2,479,259	2,216,735	262,524
200 Employee Benefits	815,625	735,287	80,338
300 Purchased Services	48,740	39,281	9,459
400 Supplies and Materials	16,210	11,965	4,245
500 Capital Outlay	13,780	13,257	523
600 Other Objects	\$ 8,112	3,960	\$ 4,152

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
257 Internal Services:			
100 Salaries	\$ 406,502	408,355	\$ (1,853)
200 Employee Benefits	104,723	102,992	1,731
300 Purchased Services	249,554	197,116	52,438
400 Supplies and Materials	2,513	3,405	(892)
600 Other Objects	186	198	(12)
258 Security:			
100 Salaries	-	14,825	(14,825)
200 Employee Benefits	-	2,729	(2,729)
300 Purchased Services	460,000	192,931	267,069
400 Supplies and Materials	-	133,516	(133,516)
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
100 Salaries	413,024	415,792	(2,768)
200 Employee Benefits	116,782	114,390	2,392
300 Purchased Services	74,625	57,132	17,493
400 Supplies and Materials	37,353	38,026	(673)
600 Other Objects	3,035	2,300	735
263 Information Services:			
100 Salaries	100,608	104,709	(4,101)
200 Employee Benefits	27,719	28,722	(1,003)
300 Purchased Services	17,373	16,588	785
400 Supplies and Materials	3,194	2,504	690
600 Other Objects	8,157	8,156	1
264 Staff Services:			
100 Salaries	392,254	399,006	(6,752)
200 Employee Benefits	133,267	129,350	3,917
300 Purchased Services	181,444	97,675	83,769
400 Supplies and Materials	37,965	37,843	122
600 Other Objects	637	761	(124)
266 Technology and Data Processing Services:			
100 Salaries	570,815	591,513	(20,698)
200 Employee Benefits	166,831	167,732	(901)
300 Purchased Services	361,242	304,699	56,543
400 Supplies and Materials	112,815	113,188	(373)
600 Other Objects	-	175	(175)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	1,101,688	1,118,618	(16,930)
200 Employee Benefits (Optional)	236,894	203,567	33,327
300 Purchased Services (Optional)	44,081	78,827	(34,746)
400 Supplies and Materials (Optional)	35,769	33,240	2,529
600 Other Objects (Optional)	71,576	100,927	(29,351)
Total Support Services	<u>\$ 47,489,460</u>	<u>45,345,966</u>	<u>\$ 2,143,494</u>

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
300 Community Services:			
390 Other Community Services:			
100 Salaries	\$ 87,301	88,321	\$ (1,020)
200 Employee Benefits	24,781	25,136	(355)
300 Purchased Services	25,634	32,226	(6,592)
400 Supplies and Materials	17,349	24,267	(6,918)
600 Other Objects	90	219	(129)
Total Community Services	<u>155,155</u>	<u>170,169</u>	<u>(15,014)</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	-	44,534	(44,534)
412 Payments to Other Governmental Units			
720 Transits	85,000	51,580	33,420
416 Payments to Public Charter Schools			
720 Transits	100,000	167,412	(67,412)
Total Intergovernmental Expenditures	<u>185,000</u>	<u>263,526</u>	<u>(78,526)</u>
500 Debt Service:			
610 Principal Payments - Capital Lease	464,115	464,115	-
620 Interest	352,091	418,004	(65,913)
Total Debt Service	<u>816,206</u>	<u>882,119</u>	<u>(65,913)</u>
TOTAL EXPENDITURES	<u>119,685,612</u>	<u>116,876,175</u>	<u>2,809,437</u>
OTHER FINANCING SOURCES (USES)			
5300 Proceeds from the Sale of Capital Assets	100,000	58,028	(41,972)
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	2,322,800	2,202,455	(120,345)
5280 Transfer from Other Funds Indirect Costs	300,000	697,779	397,779
424-710 Transfer to Capital Projects Fund	-	(5,000,000)	(5,000,000)
425-710 Transfer to Food Service Fund	(300,000)	(465,825)	(165,825)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,422,800</u>	<u>(2,507,563)</u>	<u>(4,930,363)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,660,612)	(1,303,323)	1,357,289
FUND BALANCES, Beginning of Year	21,549,360	21,549,360	-
FUND BALANCES, End of Year	<u>\$ 18,888,748</u>	<u>20,246,037</u>	<u>\$ 1,357,289</u>

General Fund - District and Charter School Combining Schedule

As Requested by the South Carolina
Department of Education

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

GENERAL FUND - DISTRICT WITH CHARTER SCHOOL INCLUDED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	SCHOOL DISTRICT	CHARTER SCHOOL	TOTAL
REVENUES			
1000 Revenues from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 31,532,587	-	\$ 31,532,587
1140 Penalties & Interest on Taxes (Independent)	2,016,001	-	2,016,001
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	7,641,323	-	7,641,323
1240 Penalties & Interest on Taxes (Dependent)	422,858	-	422,858
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,875,953	-	1,875,953
1300 Tuition:			
1310 From Patrons for Regular Day School	13,432	-	13,432
1320 From Other LEAs for Regular Day School	6,924	-	6,924
1400 Transportation Fees:			
1420 From Patrons for Summer School	5,516	-	5,516
1500 Earnings on Investments:			
1510 Interest on Investments	106,723	-	106,723
1900 Other Revenue from Local Sources:			
1910 Rentals	194,548	-	194,548
1920 Contributions & Donations Private Sources	(20,389)	-	(20,389)
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	10,055	-	10,055
1999 Revenue from Other Local Sources	304,807	171,668	476,475
Total Revenue from Local Sources	44,110,338	171,668	44,282,006
2000 Intergovernmental Revenue:			
2100 Payments from Other Governmental Units	250,000	-	250,000
Total Intergovernmental Revenue	250,000	-	250,000
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	12,567	-	12,567
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	660,274	-	660,274
3161 EAA Bus Driver Salary	3,119	-	3,119
3162 Transportation Workers' Compensation	52,955	-	52,955
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	13,665,178	-	13,665,178
3181 Retiree Insurance (No Carryover Provision)	2,691,761	-	2,691,761
3199 Other Restricted State Grants	\$ 3,490	-	\$ 3,490

(Continued)

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

GENERAL FUND - DISTRICT WITH CHARTER SCHOOL INCLUDED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	SCHOOL DISTRICT	CHARTER SCHOOL	TOTAL
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	\$ 2,277,250	-	\$ 2,277,250
3312 Primary	6,230,942	182,763	6,413,705
3313 Elementary	8,090,518	-	8,090,518
3314 High School	3,850,226	-	3,850,226
3315 Trainable Mentally Handicapped	107,321	-	107,321
3316 Speech Handicapped (Part-Time Program)	1,421,795	-	1,421,795
3317 Homebound	86,342	-	86,342
3320 Part-Time Programs:			
3321 Emotionally Handicapped	165,774	-	165,774
3322 Educable Mentally Handicapped	96,569	-	96,569
3323 Learning Disabilities	3,573,748	-	3,573,748
3324 Hearing Handicapped	123,723	-	123,723
3325 Visually Handicapped	88,909	-	88,909
3326 Orthopedically Handicapped	98,591	-	98,591
3327 Vocational	3,849,490	-	3,849,490
3330 Other EFA Programs:			
3331 Autism	340,962	-	340,962
3350 Residential Treatment Facilities (RTF)	1,903	-	1,903
3375 Education Foundation Supplement	689,665	-	689,665
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	5,991,204	-	5,991,204
3820 Homestead Exemption (Tier 2)	1,710,186	-	1,710,186
3825 Reimbursement for Property Tax Relief (Tier 3)	16,374,861	-	16,374,861
3830 Merchant's Inventory Tax	221,539	-	221,539
3840 Manufacturers Depreciation Reimbursement	1,168,781	-	1,168,781
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	70,379	-	70,379
Total Revenue from State Sources	<u>73,720,022</u>	<u>182,763</u>	<u>73,902,785</u>
4000 Revenue from Federal Sources:			
4100 Federally Impacted Areas:			
4110 Maintenance & Operations (P.L. 874)	55	-	55
Total Revenue from Federal Sources	<u>55</u>	<u>-</u>	<u>55</u>
TOTAL REVENUE ALL SOURCES	<u>118,080,415</u>	<u>354,431</u>	<u>118,434,846</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	3,972,130	-	3,972,130
200 Employee Benefits	1,402,047	-	1,402,047
300 Purchased Services	92,984	-	92,984
400 Supplies and Materials	\$ 41,859	-	\$ 41,859

(Continued)

112 Primary Programs:

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

GENERAL FUND - DISTRICT WITH CHARTER SCHOOL INCLUDED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	SCHOOL DISTRICT	CHARTER SCHOOL	TOTAL
100 Salaries	\$ 10,770,521	83,459	\$ 10,853,980
200 Employee Benefits	3,330,843	24,817	3,355,660
300 Purchased Services	195,927	-	195,927
400 Supplies and Materials	171,968	29,658	201,626
500 Capital Outlay	-	9,850	9,850
113 Elementary Programs:			
100 Salaries	17,717,194	-	17,717,194
200 Employee Benefits	5,602,932	-	5,602,932
300 Purchased Services	351,840	-	351,840
400 Supplies and Materials	319,874	-	319,874
600 Other Objects	1,565	-	1,565
114 High School Programs:			
100 Salaries	11,459,724	-	11,459,724
200 Employee Benefits	3,618,778	-	3,618,778
300 Purchased Services	218,502	-	218,502
400 Supplies and Materials	369,787	-	369,787
600 Other Objects	2,905	-	2,905
115 Career and Technology Education Program:			
100 Salaries	2,104,053	-	2,104,053
200 Employee Benefits	674,499	-	674,499
300 Purchased Services - Other Than Tuition	36,240	-	36,240
400 Supplies and Materials	115,049	-	115,049
600 Other Objects	2,458	-	2,458
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	623,482	-	623,482
200 Employee Benefits	160,594	-	160,594
300 Purchased Services	14,880	-	14,880
400 Supplies and Materials	1,480	-	1,480
122 Trainable Mentally Handicapped:			
100 Salaries	50,714	-	50,714
200 Employee Benefits	18,102	-	18,102
300 Purchased Services	17,999	-	17,999
400 Supplies and Materials	1,917	-	1,917
123 Orthopedically Handicapped:			
100 Salaries	6,197	-	6,197
200 Employee Benefits	2,083	-	2,083
300 Purchased Services	1,787	-	1,787
124 Visually Handicapped:			
100 Salaries	100,885	-	100,885
200 Employee Benefits	25,860	-	25,860
300 Purchased Services	400	-	400
125 Hearing Handicapped:			
100 Salaries	186,795	-	186,795
200 Employee Benefits	64,280	-	64,280
300 Purchased Services	\$ 1,383	-	\$ 1,383

(Continued)

126 Speech Handicapped:

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

GENERAL FUND - DISTRICT WITH CHARTER SCHOOL INCLUDED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	SCHOOL DISTRICT	CHARTER SCHOOL	TOTAL
100 Salaries	\$ 39,223	-	\$ 39,223
200 Employee Benefits	6,892	-	6,892
300 Purchased Services	83,055	-	83,055
400 Supplies and Materials	3,572	-	3,572
127 Learning Disabilities:			
100 Salaries	2,932,822	-	2,932,822
200 Employee Benefits	917,830	-	917,830
300 Purchased Services	34,949	-	34,949
400 Supplies and Materials	11,032	-	11,032
128 Emotionally Handicapped:			
100 Salaries	227,639	-	227,639
200 Employee Benefits	70,672	-	70,672
300 Purchased Services	6,866	-	6,866
400 Supplies and Materials	719	-	719
130 Pre-School Programs:			
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	236,463	-	236,463
200 Employee Benefits	71,712	-	71,712
300 Purchased Services	5,855	-	5,855
400 Supplies and Materials	2,085	-	2,085
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds)			
100 Salaries	57,763	-	57,763
200 Employee Benefits	15,425	-	15,425
300 Purchased Services	2,512	-	2,512
139 Early Childhood Programs:			
100 Salaries	403,851	-	403,851
200 Employee Benefits	115,983	-	115,983
300 Purchased Services	8,573	-	8,573
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	159,191	-	159,191
200 Employee Benefits	49,603	-	49,603
400 Supplies and Materials	253	-	253
145 Homebound:			
100 Salaries	219,071	-	219,071
200 Employee Benefits	47,490	-	47,490
300 Purchased Services	3,824	-	3,824
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	268,410	-	268,410
200 Employee Benefits	84,717	-	84,717
300 Purchased Services	3,771	-	3,771
400 Supplies and Materials	\$ 895	-	\$ 895

(Continued)

180 Adult/Continuing Educational Programs:

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

GENERAL FUND - DISTRICT WITH CHARTER SCHOOL INCLUDED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	SCHOOL DISTRICT	CHARTER SCHOOL	TOTAL
181 Adult Basic Education Programs:			
100 Salaries	\$ 82,458	-	\$ 82,458
200 Employee Benefits	25,362	-	25,362
300 Purchased Services	643	-	643
400 Supplies and Materials	5,637	-	5,637
600 Other Objects	563	-	563
188 Parenting/Family Literacy:			
100 Salaries	95,596	-	95,596
200 Employee Benefits	32,763	-	32,763
300 Purchased Services	6,831	-	6,831
400 Supplies and Materials	19,307	-	19,307
Total Instruction	<u>70,214,395</u>	<u>147,784</u>	<u>70,362,179</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	408,562	-	408,562
200 Employee Benefits	122,915	-	122,915
300 Purchased Services	7,531	-	7,531
400 Supplies and Materials	5,872	-	5,872
600 Other Objects	15	-	15
212 Guidance Services:			
100 Salaries	2,304,733	-	2,304,733
200 Employee Benefits	700,555	-	700,555
300 Purchased Services	2,066	-	2,066
400 Supplies and Materials	27,993	-	27,993
600 Other Objects	1,030	-	1,030
213 Health Services:			
100 Salaries	697,329	-	697,329
200 Employee Benefits	213,591	-	213,591
300 Purchased Services	61,634	-	61,634
400 Supplies and Materials	28,140	-	28,140
600 Other Objects	1,998	-	1,998
214 Psychological Services:			
100 Salaries	747,728	-	747,728
200 Employee Benefits	212,029	-	212,029
300 Purchased Services	64,249	-	64,249
400 Supplies and Materials	2,507	-	2,507
216 Vocational Placement Services:			
100 Salaries	139,343	-	139,343
200 Employee Benefits	37,438	-	37,438
300 Purchased Services	1,754	-	1,754
400 Supplies and Materials	3,399	-	3,399
600 Other Objects	\$ 89	-	\$ 89

(Continued)

220 Instructional Staff Services:

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

GENERAL FUND - DISTRICT WITH CHARTER SCHOOL INCLUDED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	SCHOOL DISTRICT	CHARTER SCHOOL	TOTAL
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	\$ 989,612	-	\$ 989,612
200 Employee Benefits	271,206	-	271,206
300 Purchased Services	266,422	-	266,422
400 Supplies and Materials	75,476	-	75,476
600 Other Objects	60,113	-	60,113
222 Library and Media Services:			
100 Salaries	1,466,118	-	1,466,118
200 Employee Benefits	453,674	-	453,674
300 Purchased Services	10,770	-	10,770
400 Supplies and Materials	148,052	-	148,052
223 Supervision of Special Programs:			
100 Salaries	226,475	-	226,475
200 Employee Benefits	72,269	-	72,269
300 Purchased Services	8,596	-	8,596
400 Supplies and Materials	8,614	-	8,614
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	257,555	-	257,555
200 Employee Benefits	78,099	-	78,099
300 Purchased Services	23,462	-	23,462
400 Supplies and Materials	2,361	-	2,361
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	48,000	-	48,000
200 Employee Benefits	140,687	-	140,687
300 Purchased Services	63,210	-	63,210
318 Audit Services	48,900	16,000	64,900
400 Supplies and Materials	513	-	513
600 Other Objects	29,671	-	29,671
232 Office of Superintendent:			
100 Salaries	268,792	-	268,792
200 Employee Benefits	70,662	-	70,662
300 Purchased Services	11,305	-	11,305
400 Supplies and Materials	3,758	-	3,758
600 Other Objects	23,916	-	23,916
233 School Administration:			
100 Salaries	7,573,794	66,054	7,639,848
140 Terminal Leave	8,847	-	8,847
200 Employee Benefits	2,362,686	10,096	2,372,782
300 Purchased Services	154,021	4,589	158,610
400 Supplies and Materials	316,648	12,538	329,186
600 Other Objects	\$ 11,824	-	\$ 11,824

(Continued)

250 Finance and Operations Services:

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

GENERAL FUND - DISTRICT WITH CHARTER SCHOOL INCLUDED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	SCHOOL DISTRICT	CHARTER SCHOOL	TOTAL
252 Fiscal Services:			
100 Salaries	\$ 518,115	-	\$ 518,115
200 Employee Benefits	155,996	-	155,996
300 Purchased Services	61,676	3,500	65,176
400 Supplies and Materials	64,208	-	64,208
600 Other Objects	1,816	-	1,816
254 Operation and Maintenance of Plant:			
100 Salaries	3,925,102	-	3,925,102
140 Terminal Leave	1,644	-	1,644
200 Employee Benefits	1,373,584	-	1,373,584
300 Purchased Services	4,399,458	-	4,399,458
400 Supplies and Materials	5,077,818	-	5,077,818
500 Capital Outlay	171,749	-	171,749
600 Other Objects	4,200	-	4,200
255 Student Transportation (State Mandated):			
100 Salaries	2,216,735	-	2,216,735
200 Employee Benefits	735,287	-	735,287
300 Purchased Services	39,281	-	39,281
400 Supplies and Materials	11,965	-	11,965
500 Capital Outlay	13,257	-	13,257
600 Other Objects	3,960	-	3,960
257 Internal Services:			
100 Salaries	408,355	-	408,355
200 Employee Benefits	102,992	-	102,992
300 Purchased Services	197,116	-	197,116
400 Supplies and Materials	3,405	-	3,405
600 Other Objects	198	-	198
258 Security:			
100 Salaries	14,825	-	14,825
200 Employee Benefits	2,729	-	2,729
300 Purchased Services	192,931	-	192,931
400 Supplies and Materials	133,516	-	133,516
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
100 Salaries	415,792	-	415,792
200 Employee Benefits	114,390	-	114,390
300 Purchased Services	57,132	-	57,132
400 Supplies and Materials	38,026	-	38,026
600 Other Objects	2,300	-	2,300
263 Information Services:			
100 Salaries	104,709	-	104,709
200 Employee Benefits	28,722	-	28,722
300 Purchased Services	16,588	-	16,588
400 Supplies and Materials	2,504	-	2,504
600 Other Objects	\$ 8,156	-	\$ 8,156

(Continued)

264 Staff Services:

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

GENERAL FUND - DISTRICT WITH CHARTER SCHOOL INCLUDED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	SCHOOL DISTRICT	CHARTER SCHOOL	TOTAL
100 Salaries	\$ 399,006	-	\$ 399,006
200 Employee Benefits	129,350	-	129,350
300 Purchased Services	97,675	-	97,675
400 Supplies and Materials	37,843	-	37,843
600 Other Objects	761	-	761
266 Technology and Data Processing Services:			
100 Salaries	591,513	-	591,513
200 Employee Benefits	167,732	-	167,732
300 Purchased Services	304,699	-	304,699
400 Supplies and Materials	113,188	-	113,188
600 Other Objects	175	-	175
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	1,118,618	-	1,118,618
200 Employee Benefits (Optional)	203,567	-	203,567
300 Purchased Services (Optional)	78,827	-	78,827
400 Supplies and Materials (Optional)	33,240	-	33,240
600 Other Objects (Optional)	100,927	-	100,927
Total Support Services	<u>45,345,966</u>	<u>112,777</u>	<u>45,233,189</u>
300 Community Services:			
390 Other Community Services:			
100 Salaries	88,321	-	88,321
200 Employee Benefits	25,136	-	25,136
300 Purchased Services	32,226	-	32,226
400 Supplies and Materials	24,267	-	24,267
600 Other Objects	219	-	219
Total Community Services	<u>170,169</u>	<u>-</u>	<u>170,169</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	44,534	-	44,534
412 Payments to Other Governmental Units			
720 Transits	51,580	-	51,580
416 Payments to Public Charter Schools			
720 Transits	167,412	-	167,412
Total Intergovernmental Expenditures	<u>\$ 263,526</u>	<u>-</u>	<u>\$ 263,526</u>

(Continued)

500 Debt Service:

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

GENERAL FUND - DISTRICT WITH CHARTER SCHOOL INCLUDED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	SCHOOL DISTRICT	CHARTER SCHOOL	TOTAL
610 Principal Payments - Capital Lease	\$ 464,115	-	\$ 464,115
620 Interest	418,004	-	418,004
Total Debt Service	882,119	-	882,119
TOTAL EXPENDITURES	116,876,175	260,561	116,911,182
OTHER FINANCING SOURCES (USES)			
5300 Proceeds from the Sale of Capital Assets	58,028	-	58,028
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	2,202,455	-	2,202,455
5280 Transfer from Other Funds Indirect Costs	697,779	-	697,779
424-710 Transfer to Capital Projects Fund	(5,000,000)	-	(5,000,000)
425-710 Transfer to Food Service Fund	(465,825)	-	(465,825)
TOTAL OTHER FINANCING SOURCES (USES)	(2,507,563)	-	(2,507,563)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,303,323)	93,870	(1,209,453)
FUND BALANCES, Beginning of Year	21,549,360	1,616	21,550,976
FUND BALANCES, End of Year	\$ 20,246,037	95,486	\$ 20,341,523

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, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)
REVENUES			
1000 Revenue from Local Sources:			
1300 Tuition:			
1310 From Patrols for Regular Day School	\$ -	-	-
1350 Summer School Tuition	-	-	-
1900 Other Revenue from Local Sources:			
1920 Contributions and Donations Private Sources	-	-	-
1930 Medicaid	-	-	-
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	-	-	-
Total Revenue from Local Sources	<u>-</u>	<u>-</u>	<u>-</u>
2000 Intergovernmental Revenue:			
2300 Payments from Non-Profit Entities (for First Steps)	-	-	-
Total Intergovernmental Revenue	<u>-</u>	<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	-	-	-
3128 High Schools That Work/Making Middle Grades Work	-	-	-
3130 Special Programs:			
3136 Student Health and Fitness - Nurses	-	-	-
3150 Adult Education:			
3190 Miscellaneous Restricted State Grants:			
3193 Education License Plates	-	-	-
3199 Other Restricted State Grants	-	-	-
3600 Education Lottery Act Revenue:			
3607 6-8 Enhancement (Carryover Provision)	-	-	-
3610 K-5 Enhancement (Carryover Provision)	-	-	-
3900 Other State Revenue:			
3999 Revenue from Other State Sources	-	-	-
Total Revenue from State Sources	<u>-</u>	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources:			
4200 Occupational Education:			
4210 Perkins Aid, Title I	\$ -	-	-

CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	403,330	\$ 403,330
-	-	-	-	45,860	45,860
-	-	93,196	-	14	93,210
-	-	-	-	204,210	204,210
-	-	-	-	1,656,457	1,656,457
-	-	93,196	-	2,309,871	2,403,067
-	-	-	-	259,294	259,294
-	-	-	-	259,294	259,294
-	-	-	387,771	-	387,771
-	-	-	74,678	-	74,678
-	-	-	25,989	-	25,989
-	-	-	112,190	-	112,190
-	-	-	3,002	-	3,002
-	-	-	-	12,972	12,972
-	-	-	64,046	-	64,046
-	-	-	648,166	-	648,166
-	-	-	-	1,000	1,000
-	-	-	1,315,842	13,972	1,329,814
223,415	-	-	-	-	\$ 223,415

(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, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)
4300 Elementary and Secondary Education Act of 1965 (ESEA):			
4310 Title I, Basic State Grant Programs (Carryover Provision)	\$ 4,148,014	-	-
4315 American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant Programs (Carryover Provision)	-	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-	-
4350 State Fiscal Stabilization Fund (ARRA) (Carryover Provision)	-	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-	-
4400 Adult Education:			
4410 Basic Adult Education	-	-	-
4430 State Literacy Resource	-	-	-
4500 Programs for Children with Disabilities:			
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	3,037,782	-
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-	102,248
4540 IDEA (ARRA 611)	-	-	-
4550 IDEA Preschool (ARRA 619)	-	-	-
4900 Other Federal Sources:			
4940 Other Federal Revenue	-	-	-
4999 Revenue from Other Federal Sources	-	-	-
Total Revenue from Federal Sources	<u>4,148,014</u>	<u>3,037,782</u>	<u>102,248</u>
TOTAL REVENUE ALL SOURCES	<u>4,148,014</u>	<u>3,037,782</u>	<u>102,248</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Program:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
112 Primary Programs:			
100 Salaries	1,334,493	-	-
200 Employee Benefits	430,200	-	-
300 Purchased Services	250,442	-	-
400 Supplies and Materials	398,942	-	-
113 Elementary Programs:			
100 Salaries	62,881	-	-
200 Employee Benefits	26,671	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
114 High School Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
	\$ -	-	-

CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	163,475	\$ 4,311,489
-	-	-	-	285,707	285,707
-	-	-	-	107,661	107,661
-	-	-	-	238,221	238,221
-	-	-	-	598,773	598,773
-	-	166,609	-	-	166,609
-	-	5,000	-	-	5,000
-	-	-	-	22,710	3,060,492
-	-	-	-	-	102,248
-	-	-	-	361,108	361,108
-	-	-	-	144,690	144,690
-	-	-	-	31,394	31,394
-	-	-	-	203,872	203,872
<u>223,415</u>	<u>-</u>	<u>171,609</u>	<u>-</u>	<u>2,157,611</u>	<u>9,840,679</u>
<u>223,415</u>	<u>-</u>	<u>264,805</u>	<u>1,315,842</u>	<u>4,740,748</u>	<u>13,832,854</u>
-	-	-	38,147	170,065	208,212
-	-	-	8,617	78,822	87,439
-	-	-	362	1,918	2,280
-	-	-	-	1,648	1,648
-	-	-	266,779	1,476,496	3,077,768
-	-	-	82,651	351,784	864,635
-	-	-	4,754	77,445	332,641
-	-	-	-	162,720	561,662
-	-	-	262,712	144,769	470,362
-	-	-	72,385	52,398	151,454
-	-	-	2,505	26,827	29,332
-	-	-	21,926	259,689	281,615
-	-	-	-	273,290	273,290
-	-	-	-	28,686	28,686
-	-	-	2,895	15,824	\$ 18,719

(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, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)
115 Career and Technology Education Program:			
100 Salaries	\$ -	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
120 Exceptional Programs:			
121 Educable Mentally Handicapped:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	6,273	-
122 Trainable Mentally Handicapped:			
100 Salaries	-	341,470	-
200 Employee Benefits	-	131,149	-
400 Supplies and Materials	-	-	-
123 Orthopedically Handicapped:			
100 Salaries	-	39,713	-
200 Employee Benefits	-	13,349	-
124 Visually Handicapped:			
300 Purchased Services	-	1,974	-
125 Hearing Handicapped:			
100 Salaries	-	76,673	-
200 Employee Benefits	-	31,238	-
300 Purchased Services	-	1,000	-
126 Speech Handicapped:			
100 Salaries	-	373,973	41,050
200 Employee Benefits	-	117,940	12,371
300 Purchased Services	-	3,073	-
127 Learning Disabilities:			
100 Salaries	-	667,316	-
200 Employee Benefits	-	203,294	-
300 Purchased Services	-	154	-
400 Supplies and Materials	-	-	-
128 Emotionally Handicapped:			
100 Salaries	-	111,665	-
200 Employee Benefits	-	35,408	-
130 Pre-School Programs:			
133 Pre-School Handicapped Self-Contained (5-Yr. Olds):			
100 Salaries	-	16,856	-
200 Employee Benefits	-	6,978	-
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	-	23,083	31,005
200 Employee Benefits	-	9,157	14,164
300 Purchased Services	-	849	-
400 Supplies and Materials	-	-	-
139 Early Childhood Programs:			
100 Salaries	243,277	-	-
200 Employee Benefits	79,779	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	\$ 1,345	-	-

CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	2,314	\$ 2,314
-	-	-	-	1,909	1,909
21,405	-	-	-	6,156	27,561
-	-	-	-	2,161	2,161
-	-	-	-	507	507
-	-	-	-	-	6,273
-	-	-	-	34,965	376,435
-	-	-	-	20,702	151,851
-	-	-	-	3,242	3,242
-	-	-	-	3,607	43,320
-	-	-	-	1,951	15,300
-	-	-	-	-	1,974
-	-	-	-	-	76,673
-	-	-	-	-	31,238
-	-	-	-	85	1,085
-	-	-	-	35,855	450,878
-	-	-	-	15,070	145,381
-	-	-	-	-	3,073
-	-	-	-	78,081	745,397
-	-	-	-	30,950	234,244
-	-	-	-	-	154
-	-	-	-	1,524	1,524
-	-	-	-	10,469	122,134
-	-	-	-	4,143	39,551
-	-	-	-	3,074	19,930
-	-	-	-	1,777	8,755
-	-	-	-	3,773	57,861
-	-	-	-	878	24,199
-	-	-	-	-	849
-	-	-	-	139,813	139,813
-	-	-	-	49,327	292,604
-	-	-	-	23,192	102,971
-	-	-	-	1,684	1,684
-	-	-	-	2,959	\$ 4,304

(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, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)
140 Special Programs:			
149 Other Special Programs:			
100 Salaries	\$ -	12,568	-
200 Employee Benefits	-	3,616	-
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	-	45,325	-
200 Employee Benefits	-	20,064	-
300 Purchased Services	-	2,374	-
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
173 High School Summer School:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
175 Instructional Programs Beyond Regular School Day:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
182 Adult Secondary Education Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
183 Adult English Literacy (ESL):			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
188 Parenting/Family Literacy:			
100 Salaries	110,323	-	-
200 Employee Benefits	46,263	-	-
300 Purchased Services	497	-	-
400 Supplies and Materials	18,933	-	-
190 Instructional Pupil Activity:			
400 Supplies and Materials	-	-	-
Total Instruction	<u>\$ 3,004,046</u>	<u>2,296,532</u>	<u>98,590</u>

CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	\$ 12,568
-	-	-	-	-	3,616
-	-	-	-	10,732	56,057
-	-	-	-	4,454	24,518
-	-	-	-	-	2,374
-	-	-	-	16,335	16,335
-	-	-	-	3,681	3,681
-	-	-	-	2,525	2,525
-	-	-	-	20,277	20,277
-	-	-	-	4,715	4,715
-	-	-	-	14,215	14,215
-	-	-	-	3,016	3,016
-	-	-	-	501	501
-	-	118,782	-	13,832	132,614
-	-	25,262	-	3,701	28,963
-	-	10,127	-	-	10,127
-	-	15,432	-	162	15,594
-	-	35,770	-	5,500	41,270
-	-	7,937	-	1,172	9,109
-	-	1,500	-	-	1,500
-	-	19,361	-	20,492	39,853
-	-	12,732	-	-	12,732
-	-	1,100	-	-	1,100
-	-	6,003	-	-	6,003
-	-	-	-	120,149	230,472
-	-	-	-	51,216	97,479
-	-	-	-	1,343	1,840
-	-	-	-	2,608	21,541
-	-	-	12,945	-	12,945
<u>21,405</u>	<u>-</u>	<u>254,006</u>	<u>776,678</u>	<u>3,903,175</u>	<u>\$ 10,354,432</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, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)
200 Support Services:			
100 Salaries	\$ -	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
213 Health Services:			
100 Salaries	-	308,963	-
200 Employee Benefits	-	97,660	-
300 Purchased Services	-	2,314	-
400 Supplies and Materials	-	-	-
214 Psychological Services:			
100 Salaries	-	87,617	-
200 Employee Benefits	-	23,040	-
300 Purchased Services	-	2,458	-
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	-	-	-
400 Supplies and Materials	-	-	-
223 Supervision of Special Programs:			
100 Salaries	99,836	82,266	-
200 Employee Benefits	30,925	26,178	-
300 Purchased Services	227,011	1,225	-
400 Supplies and Materials	97,734	859	-
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	411,997	-	-
200 Employee Benefits	117,313	-	-
300 Purchased Services	11,023	-	-
400 Supplies and Materials	-	-	-
230 General Administration Services:			
233 School Administration:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
250 Finance and Operations Services:			
254 Operation and Maintenance of Plant:			
300 Purchased Services	-	-	-
260 Central Support Services:			
263 Information Services:			
400 Supplies and Materials	\$ -	-	-

CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
139,356	-	-	296,583	-	\$ 435,939
39,129	-	-	91,188	-	130,317
2,818	-	-	-	152	2,970
-	-	-	91,529	-	400,492
-	-	-	20,660	-	118,320
-	-	-	-	-	2,314
-	-	-	-	219	219
-	-	-	-	-	87,617
-	-	-	-	-	23,040
-	-	-	-	-	2,458
-	-	-	-	39,540	39,540
-	-	-	-	11,862	11,862
-	-	-	-	3,534	3,534
-	-	-	-	1,671	1,671
-	-	-	-	73,731	73,731
-	-	-	-	21,868	21,868
-	-	-	-	1,450	1,450
-	-	-	12,135	-	12,135
-	-	-	-	62,264	244,366
-	-	-	-	15,650	72,753
-	-	2,759	-	87,165	318,160
-	-	3,640	-	39,424	141,657
-	-	-	-	33,891	445,888
-	-	-	-	7,358	124,671
3,869	-	-	21,378	44,391	80,661
-	-	-	5,217	8,943	14,160
-	-	-	-	45,931	45,931
-	-	-	-	10,516	10,516
-	-	-	-	9,419	9,419
-	-	-	-	567	567
-	-	-	-	2,326	2,326
-	-	-	-	29,867	\$ 29,867

(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, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)
270 Support Services - Pupil Activity:			
600 Other Objects (Optional)	\$ -	-	-
Total Support Services	<u>995,839</u>	<u>632,580</u>	<u>-</u>
300 Community Services:			
390 Other Community Services:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
Total Community Services	<u>-</u>	<u>-</u>	<u>-</u>
410 Intergovernmental Expenditures:			
411 Payments to SDE			
720 Transits	-	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,999,885</u>	<u>2,929,112</u>	<u>98,590</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5220 Transfer from Special Revenue Fund (Exclude Indirect Costs)	-	-	-
421-710 Transfer to Special Revenue Fund	-	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(148,129)	(108,670)	(3,658)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(148,129)</u>	<u>(108,670)</u>	<u>(3,658)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCES, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ -</u>	<u>-</u>	<u>-</u>

CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
8,846	-	-	474	8,746	\$ 18,066
194,018	-	6,399	539,164	560,485	2,928,485
-	-	-	-	590	590
-	-	-	-	(153)	(153)
-	-	-	-	437	437
-	-	-	-	220,218	220,218
-	-	-	-	220,218	220,218
215,423	-	260,405	1,315,842	4,684,315	13,503,572
-	-	-	-	117,315	117,315
-	-	-	-	(117,315)	(117,315)
(7,992)	-	(4,400)	-	(24,930)	(297,779)
(7,992)	-	(4,400)	-	(24,930)	(297,779)
-	-	-	-	31,503	31,503
-	-	-	-	255,853	255,853
-	-	-	-	287,356	\$ 287,356

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

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2012

OTHER DESIGNATED RESTRICTED STATE GRANTS

919	Education License Plates
928	EEDA Career Specialists
933	Formative Assessment
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
938	High Schools That Work/Making Middle Grades Work
960	K-5 Enhancement (Carryover Provision)
967	6-8 Enhancement (Carryover Provision)

OTHER SPECIAL REVENUE PROGRAMS

213	Individuals with Disabilities Education - Personnel Development
215	IDEA (ARRA 611)
216	IDEA Preschool (ARRA 619)
221	Title I (Neglected and Delinquent)
222	American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant (Carryover Provision)
223	Supervision of Special Programs
227	McKinney-Vento Homeless Educational Assistance Act (ARRA 09), Title VII
229	Neglected and Delinquent (ARRA), Title I
237	Title I School Improvement
240	SC School Climate Initiative (SCSCI)
250	State Fiscal Stabilization Fund (ARRA)
264	Language Instruction for Limited English Proficient and Immigrant Students, Title III
267	Improving Teacher Quality (Carryover Provision)
280	Meidcaid
291	Attendance Make-Up
295	ROTC
801	After School Program
802	Sylvia Circle Tuition
822	Extended School Year
825	Virtual High School
826	Summer School High School
827	JSCG Grant
833	Arts in Education - Northside
835	DHEC Solid Waste Grants
848	Project Lead the Way
852	Extended School Year
858	Toolbox for Education
861	Great Outdoors Project - Sunset Park Elementary
862	York County First Steps
863	Character Development Allocation
868	Energy Grant - ARRA
870	First Steps Parent Smart Grant
871	Parent Smart Project
875	SC Alliance for Children
877	Success by Six Resource
878	Palmetto Youth Connection
880	Profoundly Mentally Disabled
889	OAASIS Grant Award
891	Testing - PSAT
893	Vocational Rehab Expansion
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, 2012

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Deferred
					Interfund Transfers In (Out)	Other Fund Transfers In (Out)	
919	3193	Education License Plates	\$ 3,002	3,002	-	-	\$ -
928	3118	EEDA Career Specialists	387,771	387,771	-	-	101,204
933	3123	Formative Assessment	-	-	-	-	72,059
936	3136	Student Health and Fitness - Nurses	112,190	112,190	-	-	-
937	3127	Student Health and Fitness - PE Teachers	74,678	74,678	-	-	128,954
938	3128	High Schools That Work	25,989	25,989	-	-	7,700
960	3610	K-5 Enhancement	648,166	648,166	-	-	274,247
967	3607	6-8 Enhancement	64,046	64,046	-	-	25,014
Totals			\$ 1,315,842	1,315,842	-	-	\$ 609,178

**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, 2012

	<u>ACTUAL</u>
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 Assisting, Developing, and Evaluative Professional Teaching (ADEPT)	\$ 17,105
3509 Arts in Education	30,410
3511 Professional Development	197,841
3525 Career and Technology Education Equipment	171,854
3526 Refurbishment of K- Science Kits	112,055
3530 Trainable & Profoundly Mentally Disabled Student Services (Students with Moderate to Severe Intellectual Disabilities)	42,471
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	1,857,727
3533 Teacher of the Year Awards	1,077
3538 Student at Risk of School Failure	2,628,380
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	460,877
3542 Preschool Programs for Children with Disabilities	69,543
3544 High Achieving Students	487,308
3550 Teacher Salary Increase (No Carryover Provision)	1,812,944
3555 School Employer Contributions (No Carryover Provision)	389,511
3556 Adult Education	486,702
3558 Reading	189,992
3568 EAA Technical Assistance (Carryover Only)	21,311
3577 Teacher Supplies (No Carryover Provision)	310,250
3581 Student Health and Fitness - Nurses	425,131
3588 IDEA MOE Special Allocation	2,105,525
3592 Work-Based Learning	90,030
3597 Aid to Districts	509,258
3598 Cost Savings Allocations	43,082
Total Revenue from State Sources	<u>12,460,384</u>
TOTAL REVENUE ALL SOURCES	<u>12,460,384</u>

EXPENDITURES

100 Instruction:

 110 General Instruction:

 111 Kindergarten Programs:

100 Salaries	61,223
200 Employee Benefits	18,970
300 Purchased Services	1,424
400 Supplies and Materials	\$ 19,250

(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, 2012

	<u>ACTUAL</u>
112 Primary Programs:	
100 Salaries	\$ 484,557
200 Employee Benefits	131,323
300 Purchased Services	16,449
400 Supplies and Materials	82,859
113 Elementary Programs:	
100 Salaries	1,415,094
200 Employee Benefits	402,389
300 Purchased Services	14,322
400 Supplies and Materials	250,813
114 High School Programs:	
100 Salaries	1,018,199
200 Employee Benefits	291,169
300 Purchased Services	7,578
400 Supplies and Materials	66,250
115 Career and Technology Education Program:	
100 Salaries	107,975
200 Employee Benefits	24,926
300 Purchased Services - Other Than Tuition	90
400 Supplies and Materials	84,510
500 Capital Outlay	102,936
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	74,925
200 Employee Benefits	19,262
300 Purchased Services	1,697
400 Supplies and Materials	57,449
122 Trainable Mentally Handicapped:	
100 Salaries	522,473
200 Employee Benefits	178,202
300 Purchased Services	282
400 Supplies and Materials	8,994
123 Orthopedically Handicapped:	
100 Salaries	81,627
200 Employee Benefits	30,323
300 Purchased Services	455
400 Supplies and Materials	3,862
124 Visually Handicapped:	
100 Salaries	56,020
200 Employee Benefits	19,379
300 Purchased Services	90
400 Supplies and Materials	\$ 6,897

(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, 2012

	<u>ACTUAL</u>
125 Hearing Handicapped:	
100 Salaries	\$ 4,503
200 Employee Benefits	564
300 Purchased Services	201
400 Supplies and Materials	4,961
126 Speech Handicapped:	
100 Salaries	395,574
200 Employee Benefits	122,074
300 Purchased Services	371
400 Supplies and Materials	8,883
600 Other Objects	2,925
127 Learning Disabilities:	
100 Salaries	154,466
200 Employee Benefits	40,347
300 Purchased Services	614
400 Supplies and Materials	29,626
128 Emotionally Handicapped:	
100 Salaries	20,630
200 Employee Benefits	10,490
300 Purchased Services	1,991
400 Supplies and Materials	2,364
130 Pre-School Programs:	
133 Preschool Handicapped Self- Contained (5Yr. Olds)	
100 Salaries	18,638
200 Employee Benefits	4,329
400 Supplies and Materials	500
137 Preschool Handicapped Self-Contained (3-and 4-Yr.Olds):	
100 Salaries	105,450
200 Employee Benefits	34,605
300 Purchased Services	717
400 Supplies and Materials	6,187
139 Early Childhood Programs:	
100 Salaries	150,546
200 Employee Benefits	60,961
300 Purchased Services	9,433
400 Supplies and Materials	229,785
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	277,836
200 Employee Benefits	79,124
300 Purchased Services	913
400 Supplies and Materials	\$ 7,171

(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, 2012

	<u>ACTUAL</u>
143 Advanced Placement:	
400 Supplies and Materials	\$ 71,520
148 Gifted and Talented - Artistic:	
300 Purchased Services	60,920
149 Other Special Programs:	
100 Salaries	116,483
200 Employee Benefits	33,017
300 Purchased Services	228
160 Other Exceptional Programs:	
161 Autism:	
100 Salaries	59,038
200 Employee Benefits	16,135
300 Purchased Services	8,298
400 Supplies and Materials	6,360
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	24,878
200 Employee Benefits	5,319
300 Purchased Services	8,372
400 Supplies and Materials	8,934
182 Adult Secondary Education Programs:	
100 Salaries	29,614
200 Employee Benefits	5,864
300 Purchased Services	8,272
400 Supplies and Materials	17,122
187 Adult Education - Remedial:	
100 Salaries	11,340
200 Employee Benefits	3,189
188 Parenting/Family Literacy:	
100 Salaries	86,148
200 Employee Benefits	33,511
Total Instruction	<u>8,065,584</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	169,073
200 Employee Benefits	45,450
300 Purchased Services	100
400 Supplies and Materials	\$ 11,750

(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, 2012

	<u>ACTUAL</u>
213 Health Services:	
100 Salaries	\$ 423,015
200 Employee Benefits	136,262
300 Purchased Services	33,811
214 Psychological Services:	
100 Salaries	2,701
200 Employee Benefits	643
300 Purchased Services	21,455
400 Supplies and Materials	713
215 Exceptional Program Services:	
300 Purchased Services	198
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	271,069
200 Employee Benefits	84,286
300 Purchased Services	25,660
400 Supplies and Materials	9,684
222 Library and Media:	
100 Salaries	30,000
200 Employee Benefits	6,408
400 Supplies and Materials	7,000
223 Supervision of Special Programs:	
100 Salaries	301,787
200 Employee Benefits	79,478
300 Purchased Services	59,089
400 Supplies and Materials	37,913
224 Improvement of Instruction-Curriculum Development:	
100 Salaries	96,428
200 Employee Benefits	26,300
300 Purchased Services	165,983
400 Supplies and Materials	34,128
230 General Administration Services:	
233 School Administration:	
100 Salaries	75,801
200 Employee Benefits	20,586
250 Finance and Operations Services:	
254 Operation and Maintenance of Plant:	
300 Purchased Services	47
255 Student Transportation (State Mandated):	
100 Salaries	481
200 Employee Benefits	108
300 Purchased Services	\$ 11,481

(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, 2012

	<u>ACTUAL</u>
270 Support Services - Pupil Activity:	
271 Pupil Services Activities:	
300 Purchased Services (Optional)	\$ 1,183
600 Other Objects (Optional)	2,274
Total Support Services	<u>2,192,345</u>
TOTAL EXPENDITURES	<u>10,257,929</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(2,202,455)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,202,455)</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, 2012

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3502 Assisting, Developing, and Evaluative Professional Teaching (ADEPT)	\$ 17,105	17,105	-	-	\$ -
3509 Arts in Education	30,410	30,410	-	-	-
3511 Professional Development	197,841	197,841	-	-	117,442
3525 Career and Technology Education Equipment	171,854	171,854	-	-	71,154
3526 Refurbishment of K-8 Science Kits	112,055	112,055	-	-	21,347
3530 Trainable & Profoundly Mentally Disabled Student Services (Students with Moderate to Severe Intellectual Disabilities)	42,471	42,471	-	-	-
3532 National Board Certified (No Carryover Provision)	1,857,727	1,857,727	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3538 At Risk Student Learning	2,628,380	2,628,380	-	-	1,384,710
3540 Early Childhood Program	460,877	460,877	-	-	427,859
3542 Preschool Programs for Children with Disabilities	69,543	69,543	-	-	-
3544 Academic/Artistically Advance	487,308	487,308	-	-	273,803
3550 Teacher Salary Increase (No Carryover Provision)	1,812,944	-	-	(1,812,944)	-
3555 School Employer Contributions (No Carryover Provision)	389,511	-	-	(389,511)	-
3556 EAA Adult Education (Carryover Only)	486,702	486,702	-	-	106,478
3558 Reading	189,992	189,992	-	-	108,194
3568 EAA Technical Assistance	21,311	21,311	-	-	-
3577 Teacher Supplies (No Carryover Provision)	310,250	310,250	-	-	-
3578 High Schools That Work	-	-	-	-	2,586
3581 Student Health and Fitness - Nurses	425,131	425,131	-	-	113,796
3585 Aid to School Districts - Special Education	-	-	-	-	1,164,444
3588 IDEA MOE Special Allocation	2,105,525	2,105,525	-	-	-
3592 School-to-Work Transition Act	90,030	90,030	-	-	-
3597 Aid to Districts	509,258	509,258	-	-	41,633
3598 Cost Savings Allocations	43,082	43,082	-	-	37,157
3599 Other EIA	-	-	-	-	53,181
Totals	\$ 12,460,384	10,257,929	-	(2,202,455)	\$ 3,923,784

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

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

YEAR ENDED JUNE 30, 2012

Program	Project/ Grant Number	Revenue & Subfund Code	Description	Amount Due to State Dept. of Education or Federal Government	Status of Amount Due to Grantors
----------------	--------------------------------------	---	--------------------	---	---

No funds are due to state/federal government at June 30, 2012.

SPECIAL REVENUE FUND - CHARTER SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201)	Total
REVENUES		
4000 Revenue from Federal Sources:		
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	\$ 64,716	\$ 64,716
Total Revenue from Federal Sources	<u>64,716</u>	<u>64,716</u>
TOTAL REVENUE ALL SOURCES	<u>64,716</u>	<u>64,716</u>
EXPENDITURES		
100 Instruction:		
110 General Instruction:		
112 Primary Programs:		
100 Salaries	43,072	43,072
200 Employee Benefits	10,768	10,768
Total Instruction	<u>53,840</u>	<u>53,840</u>
200 Support Services:		
230 General Administration Services:		
233 School Administration:		
400 Supplies and Materials	4,527	4,527
260 Central Support Services:		
264 Staff Services:		
300 Purchased Services	5,359	5,359
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
660 Pupil Activity	990	990
Total Support Services	<u>10,876</u>	<u>10,876</u>
TOTAL EXPENDITURES	<u>64,716</u>	<u>64,716</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>\$ -</u>

DEBT SERVICE FUND

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

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

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

Schedule C-1

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 20,630,191
1140 Penalties & Interest on Taxes (Independent)	185,499
1500 Earnings on Investments:	
1510 Interest on Investments	26,723
Total Revenue from Local Sources	<u>20,842,413</u>
2000 Intergovernmental Revenue:	
2100 Payments from Other Governmental Units	17,000
Total Intergovernmental Revenue	<u>17,000</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	702,647
3830 Merchant's Inventory Tax	107,676
3840 Manufacturers Depreciation Reimbursement	387,909
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	27,050
Total Revenue from State Sources	<u>1,225,282</u>
TOTAL REVENUE ALL SOURCES	<u>22,084,695</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	14,185,000
620 Interest	7,019,694
690 Other Objects (Includes Fees for Servicing Bonds)	263,917
Total Debt Service	<u>21,468,611</u>
TOTAL EXPENDITURES	<u>21,468,611</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	1,773,547
5130 Issuance of General Obligation Refunding Bonds	15,595,000
441-720 Payment to Refunded Debt Escrow Agent	(17,005,514)
TOTAL OTHER FINANCING SOURCES (USES)	<u>363,033</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	979,117
FUND BALANCE, Beginning of Year	<u>9,859,184</u>
FUND BALANCE, End of Year	<u>\$ 10,838,301</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, 2012

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 34,961
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	710,454
Total Revenue from Local Sources	<u>745,415</u>
TOTAL REVENUE ALL SOURCES	<u>745,415</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	507,381
400 Supplies and Materials	2,122,332
500 Capital Outlay:	
510 Land	500
520 Construction Services	1,412,230
530 Improvements Other Than Buildings	1,046,592
540 Equipment	25,590
545 Technology, Equipment and Software	246,127
Total Support Services	<u>5,360,752</u>
500 Debt Service:	
690 Other Objects	56,049
Total Debt Service	<u>56,049</u>
TOTAL EXPENDITURES	<u>5,416,801</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	257,227
5120 Issuance of General Obligation Bonds	5,000,000
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Exclude Indirect Costs)	5,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,257,227</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	5,585,841
FUND BALANCE, Beginning of Year	<u>4,212,319</u>
FUND BALANCE, End of Year	<u>\$ 9,798,160</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 ASSETS

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
REVENUES	
1000 Revenues from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 14,814
1600 Food Service:	
1610 Lunch Sales to Pupils	1,193,905
1620 Breakfast Sales to Pupils	186,388
1630 Special Sales to Pupils	267,494
1640 Lunch Sales to Adults	76,317
1650 Breakfast Sales to Adults	6,303
1660 Special Sales to Adults	283,998
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	1,854
Total Revenue from Local Sources	<u>2,031,073</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	582
Total Revenue from State Sources	<u>582</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	3,886,953
4830 School Breakfast Program	1,139,934
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	391,448
4999 Revenue from Other Federal Sources	9,728
Total Revenue from Federal Sources	<u>5,428,063</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 7,459,718</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 ASSETS

YEAR ENDED JUNE 30, 2012

	ACTUAL
EXPENSES	
256 Food Service:	
100 Salaries	\$ 2,067,476
140 Terminal Leave	3,667
200 Employee Benefits	705,124
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	113,223
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	4,139,415
500 Capital Outlay	346,793
600 Other Objects	20,278
Total Food Services Expenses	<u>7,395,976</u>
TOTAL EXPENSES	<u>7,395,976</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	465,825
432-791 Food Service Fund Indirect Costs	(400,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>65,825</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	129,567
FUND NET ASSETS, Beginning of Year	<u>4,186,529</u>
FUND NET ASSETS, End of Year	<u>\$ 4,316,096</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.

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**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, 2012

	ACTUAL
RECEIPTS	
1000 Receipts from Local Sources:	
1700 Pupil Activities:	
1710 Admissions	\$ 95,153
1720 Bookstore Sales	360
1730 Pupil Organization Membership Dues and Fees	8,908
1740 Student Fees	240,481
1790 Other	2,841,665
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	20,715
Total Receipts from Local Sources	<u>3,207,282</u>
TOTAL RECEIPTS ALL SOURCES	<u>3,207,282</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
100 Salaries (Optional)	3,795
200 Employee Benefits (Optional)	804
400 Supplies and Materials (Optional)	90,511
Total Instruction	<u>95,110</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	204,734
200 Employee Benefits (Optional)	38,392
300 Purchased Services (Optional)	347,832
400 Supplies and Materials (Optional)	2,101,691
500 Capital Outlay (Optional)	32,640
660 Pupil Activity	529,519
Total Pupil Activity Expenditures	<u>3,254,808</u>
TOTAL DISBURSEMENTS	<u>3,349,918</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	2,090
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,090</u>
EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	(140,546)
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>1,193,768</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 1,053,222</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, 2012

	Balance at 7/1/2011	Additions	Deductions	Balance at June 30, 2012
ASSETS				
Cash and Cash Equivalents	\$ 11,602	-	(1,502)	\$ 10,100
Receivables	1,182,166	-	(139,044)	1,043,122
TOTAL ASSETS	\$ 1,193,768	-	(140,546)	\$ 1,053,222
LIABILITIES				
Due to Student Organizations	\$ 1,193,768	-	(140,546)	\$ 1,053,222
TOTAL LIABILITIES	\$ 1,193,768	-	(140,546)	\$ 1,053,222

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.	124
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	131
<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.	134
<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.	138
<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.	140

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 ASSETS BY COMPONENT

LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 43,488,481	42,577,446	66,812,958	86,285,668	86,716,022	85,685,189	87,780,196	88,224,652	95,244,369	\$ 102,400,301
Restricted	26,750,120	41,165,324	23,493,394	8,869,209	14,447,991	12,952,545	9,082,727	9,433,836	8,943,308	10,914,842
Unrestricted	14,185,112	14,527,897	17,836,604	18,170,074	19,673,014	26,553,037	20,720,602	18,795,495	22,941,366	29,214,582
Total Governmental Activities Net Assets	\$ 84,423,713	98,270,667	108,142,956	113,324,951	120,837,027	125,190,771	117,583,525	116,453,983	127,129,043	\$ 142,529,725
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 1,808,807	1,701,202	1,686,119	1,749,790	1,589,337	1,466,828	1,593,752	1,376,906	1,093,505	\$ 775,227
Unrestricted	855,046	1,251,686	1,473,688	1,712,777	1,468,962	1,008,287	1,307,308	2,233,559	3,093,024	3,540,869
Total Business-Type Activities Net Assets	\$ 2,663,853	2,952,888	3,159,807	3,462,567	3,058,299	2,475,115	2,901,060	3,610,465	4,186,529	\$ 4,316,096
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$ 45,297,288	44,278,648	68,499,077	88,035,458	88,305,359	87,152,017	89,373,948	89,601,558	96,337,874	\$ 103,175,528
Restricted	26,750,120	41,165,324	23,493,394	8,869,209	14,447,991	12,952,545	9,082,727	9,433,836	8,943,308	10,914,842
Unrestricted	15,040,158	15,779,583	19,310,292	19,882,851	21,141,976	27,561,324	22,027,910	21,029,054	26,034,390	32,755,451
Total Primary Government Net Assets	\$ 87,087,566	101,223,555	111,302,763	116,787,518	123,895,326	127,665,886	120,484,585	120,064,448	131,315,572	\$ 146,845,821

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ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

TABLE 2

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
Instruction	\$ 64,396,208	67,243,820	70,222,924	74,320,757	80,471,063	88,423,628	94,336,452	84,793,118	80,763,678	\$ 93,925,184
Support Services	29,959,748	36,299,500	41,293,263	47,532,876	51,424,008	60,792,209	64,760,530	67,133,418	50,139,830	54,518,963
Community Services	157,546	174,611	143,103	100,842	122,819	228,669	227,383	155,787	271,863	170,605
Intergovernmental	1,606,874	1,684,752	2,060,147	2,249,568	835,277	715,125	618,141	443,738	-	-
Interest and Other Charges	15,450,292	5,546,681	5,894,985	5,881,577	6,391,797	7,484,011	7,017,571	7,374,066	19,520,721	6,714,098
Depreciation	-	3,636,190	4,297,929	5,311,817	5,876,110	6,309,334	7,812,007	7,626,426	-	-
Total Governmental Activities Expenses	111,570,668	114,585,554	123,912,351	135,397,437	145,121,074	163,952,976	174,772,084	167,526,553	150,696,092	155,328,850
Business-Type Activities:										
Food Services	4,409,535	4,907,458	5,341,024	5,745,087	6,390,272	7,634,765	7,767,516	6,937,690	6,873,305	7,395,976
Total Business-Type Activities Expenses	4,409,535	4,907,458	5,341,024	5,745,087	6,390,272	7,634,765	7,767,516	6,937,690	6,873,305	7,395,976
Total Primary Government Expenses	\$ 115,980,203	119,493,012	129,253,375	141,142,524	151,511,346	171,587,741	182,539,600	174,464,243	157,569,397	\$ 162,724,826
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$ 274,227	1,278,314	1,377,246	1,520,761	1,990,488	2,187,263	2,031,407	1,505,540	1,970,442	\$ 1,903,326
Operating Grants and Contributions	56,791,680	57,912,163	62,895,700	70,188,964	73,960,271	81,227,036	78,078,355	78,070,395	71,165,212	72,616,868
Capital Grants and Contributions	7,647,847	6,161,974	2,901,214	187,900	-	517,685	366,835	-	-	-
Total Governmental Activities Program Revenues	64,713,754	65,352,451	67,174,160	71,897,625	75,950,759	83,931,984	80,476,597	79,573,935	73,135,654	74,520,194
Business-Type Activities:										
Charges for Services:										
Food Service	2,304,814	2,331,159	2,321,683	2,434,865	2,347,399	2,389,487	2,617,644	2,297,979	1,991,665	2,014,405
Operating Grants and Contributions	2,278,596	2,788,285	3,032,923	3,345,185	3,638,605	4,092,600	4,736,659	4,889,165	5,234,300	5,430,499
Capital Grants and Contributions	-	77,049	193,337	267,797	-	138,845	415,754	-	-	-
Total Business-Type Activities Program Revenues	4,583,410	5,196,493	5,547,943	6,047,847	5,986,004	6,620,932	7,770,057	7,187,144	7,225,965	7,444,904
Total Primary Government Program Revenues	\$ 69,297,164	70,548,944	72,722,103	77,945,472	81,936,763	90,552,916	88,246,654	86,763,079	80,361,619	\$ 81,965,098
Net (Expense)/Revenue										
Governmental Activities	\$ (46,856,914)	(49,233,103)	(56,738,191)	(63,499,812)	(69,170,315)	(80,020,992)	(94,295,487)	(87,950,618)	(77,560,438)	\$ (80,808,656)
Business-Type Activities	173,875	289,035	206,919	302,760	(404,268)	(1,013,833)	2,541	249,454	352,660	48,928
Total Primary Government Net (Expense)/Revenue	\$ (46,683,039)	(48,944,068)	(56,531,272)	(63,197,052)	(69,574,583)	(81,034,825)	(94,292,946)	(87,701,164)	(77,207,778)	\$ (80,759,728)

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

TABLE 2

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes by Source:										
Property Tax - General Operations	\$ 36,398,373	39,485,538	40,780,553	41,054,206	45,707,761	38,514,743	39,794,450	40,698,245	41,423,095	\$ 44,283,872
Property Tax - Debt Service	13,031,710	13,380,824	14,058,798	14,709,219	16,076,102	18,617,043	21,262,897	19,719,989	19,856,556	21,736,059
Unrestricted Grants and Contributions	9,818,196	8,987,749	10,423,802	10,468,863	10,359,416	24,916,292	25,727,814	26,710,106	27,078,578	28,638,186
Unrestricted Investment Earnings	786,682	1,047,317	1,128,341	2,400,664	3,715,398	2,749,129	501,762	127,474	100,673	168,407
Miscellaneous	16,141	178,629	218,986	48,855	823,714	8,178	2,068	25,213	-	1,448,639
Transfers	-	-	-	-	-	(430,649)	(423,404)	(459,951)	(223,404)	(65,825)
Total Governmental Activities	60,051,102	63,080,057	66,610,480	68,681,807	76,682,391	84,374,736	86,865,587	86,821,076	88,235,498	96,209,338
Business-Type activities:										
Unrestricted Investment Earnings	-	-	-	-	-	-	-	-	-	14,814
Transfers	-	-	-	-	-	430,649	423,404	459,951	223,404	65,825
Total Business-Type Activities	-	-	-	-	-	430,649	423,404	459,951	223,404	80,639
Special Items - Loss on Disposal of Assets	-	-	-	-	-	-	(37,342)	-	-	-
Total Primary Government	\$ 60,051,102	63,080,057	66,610,480	68,681,807	76,682,391	84,805,385	87,251,649	87,281,027	88,458,902	\$ 96,289,977
Change in Net Assets:										
Governmental Activities	\$ 13,194,188	13,846,954	9,872,289	5,181,995	7,512,076	4,353,744	(7,467,242)	(1,129,542)	10,675,060	\$ 15,400,682
Business-Type Activities	173,875	289,035	206,919	302,760	(404,268)	(583,184)	425,945	709,405	576,064	129,567
Total Primary Government	\$ 13,368,063	14,135,989	10,079,208	5,484,755	7,107,808	3,770,560	(7,041,297)	(420,137)	11,251,124	\$ 15,530,249

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Non-Spendable	\$ -	-	-	-	-	-	-	-	326,039	\$ 435,929
Assigned	197,597	-	-	-	-	-	-	-	1,010,612	2,400,000
Unassigned	14,796,600	15,025,796	17,375,313	17,512,981	19,133,030	23,269,504	19,505,507	17,413,749	20,212,709	17,410,108
Total General Fund	14,994,197	15,025,796	17,375,313	17,512,981	19,133,030	23,269,504	19,505,507	17,413,749	21,549,360	\$ 20,246,037
All Other Governmental Funds										
Restricted	\$ 26,460,330	41,165,324	24,638,450	33,455,362	65,404,955	14,556,761	10,299,086	11,374,650	14,327,356	\$ 15,923,817
Assigned	-	-	-	-	-	-	-	-	-	5,000,000
Total All Other Governmental Funds	\$ 26,460,330	41,165,324	24,638,450	33,455,362	65,404,955	14,556,761	10,299,086	11,374,650	14,327,356	\$ 20,923,817

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 retrospectively - 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Local Sources:										
Property Taxes	\$ 49,002,612	52,707,540	55,032,357	55,651,621	61,626,855	53,862,883	58,110,853	58,518,958	59,698,617	\$ 64,304,412
Interest	786,682	1,047,317	1,128,341	2,400,664	3,715,398	2,749,128	501,762	127,474	203,005	168,407
Other Local Sources	1,531,058	1,726,594	1,796,341	2,355,499	3,711,546	5,973,112	5,286,328	4,620,805	4,825,930	3,628,414
State Sources	65,820,569	64,305,093	67,025,317	71,271,100	75,439,597	97,540,514	94,244,262	85,784,015	81,855,760	88,735,502
Federal Sources	7,031,507	8,061,601	7,930,062	8,111,416	7,650,094	8,179,389	8,928,066	17,352,189	14,990,331	9,840,734
Intergovernmental Revenue	160,707	246,999	880,784	677,328	332,652	309,937	311,689	511,829	501,949	526,294
Total Revenues	\$ 124,333,135	128,095,144	133,793,202	140,467,628	152,476,142	168,614,963	167,382,960	166,915,270	162,075,592	\$ 167,203,763
Expenditures										
Current:										
Instruction	\$ 64,375,467	66,986,194	70,187,466	74,328,960	80,381,295	88,343,708	94,966,427	92,907,957	85,374,336	\$ 88,593,255
Support Services	34,899,048	34,780,135	38,580,924	43,230,315	47,175,271	52,705,725	55,546,705	53,895,636	50,506,284	53,042,042
Community Services	157,546	174,611	143,103	100,842	122,819	228,669	227,383	155,787	271,863	170,606
Intergovernmental	1,606,874	1,684,752	2,060,147	2,249,568	676,787	373,736	618,141	443,738	399,247	483,744
Debt Service:										
Principal	10,655,000	14,635,000	10,025,000	10,290,000	12,630,000	11,345,000	12,975,000	17,265,000	12,405,000	14,649,115
Interest and Fiscal Charges	4,924,481	5,372,956	5,926,332	5,509,659	5,871,438	8,012,189	7,798,410	7,550,454	7,235,624	7,437,698
Other Charges	1,669	1,435	2,229	2,175	2,474	2,300	1,342	1,342	119,939	319,966
Capital Outlay	19,279,167	36,220,933	26,575,593	18,884,918	48,134,159	53,543,320	15,039,230	19,175,728	4,014,746	2,826,662
Total Expenditures	135,899,252	159,856,016	153,500,794	154,596,437	194,994,243	214,554,647	187,173,728	191,395,642	160,327,039	167,523,088
Excess of Revenues Over (Under) Expenditures	(11,566,117)	(31,760,872)	(19,707,592)	(14,128,809)	(42,518,101)	(45,939,684)	(19,790,768)	(24,480,372)	1,748,553	(319,325)
Other Financing Sources (Uses)										
Issuance of General Obligation Bond Anticipation Note	-	-	-	-	-	-	-	-	-	-
Premium on Bonds Sold	4,250	2,114,140	30,235	313,249	1,401,390	-	12,500,000	24,221,529	3,877,503	2,030,774
Issuance of Refunding Bonds	-	-	-	23,015,000	1,500,000	-	-	-	23,180,000	15,595,000
Payment to Refunded Debt Escrow Agent	-	-	-	(23,244,860)	10,344,843	-	-	-	(26,611,428)	(17,005,514)
Issuance of General Obligation Bonds	2,500,000	44,625,000	5,500,000	23,000,000	63,000,000	-	-	-	5,000,000	5,000,000
Proceeds from the sale of capital assets	-	-	-	-	-	-	-	-	-	58,028
Transfers In	5,354,417	8,109,109	8,031,846	6,498,386	6,236,815	5,106,058	5,978,544	7,599,990	2,975,498	7,900,234
Transfers Out	(5,354,417)	(8,350,784)	(8,031,846)	(6,498,386)	(6,236,815)	(5,878,095)	(6,709,448)	(8,357,341)	(3,198,902)	(7,966,059)
Total Other Financing Sources (Uses)	2,504,250	46,497,465	5,530,235	23,083,389	76,246,233	(772,037)	11,769,096	23,464,178	5,343,743	5,612,463
Net Change in Fund Balances	\$ (9,061,867)	14,736,593	(14,177,357)	8,954,580	33,728,132	(46,711,721)	(8,021,672)	(1,016,194)	7,092,296	\$ 5,293,138
Capital Asset Expenditures	\$ 16,689,461	34,091,420	23,228,447	14,569,660	43,885,422	45,456,836	6,385,204	1,086,302	1,138,778	\$ 4,423,707
Debt Service as a Percentage of Noncapital ¹ Expenditures	13.1%	15.9%	12.2%	11.3%	12.2%	11.4%	11.5%	13.0%	0	13.5%

Note 1: Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditure categories. 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				
2003	\$ 262,615,703	54,427,789	317,043,492	158.50	\$ 6,377,726,507	5.0%
2004	272,570,935	51,519,854	324,090,789	164.50	6,523,993,436	5.0%
2005	280,241,469	49,482,501	329,723,970	170.50	6,537,960,149	5.0%
2006	281,774,107	47,473,262	329,247,369	172.30	6,852,831,060	5.7%
2007	282,297,550	46,772,151	329,069,701	169.60	6,635,971,754	5.0%
2008	324,339,756	46,430,670	370,770,426	179.00	6,997,510,437	5.3%
2009	347,078,632	43,718,911	390,797,543	188.40	7,225,655,968	5.4%
2010	361,996,207	43,031,135	405,027,342	188.90	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	\$ 390,796,823	39,727,295	430,524,118	193.40	\$ 8,030,801,776	5.4%

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 Rates¹		Total Direct and Overlapping Rates
			City of Rock Hill Millage (1)	York County Millage (2)	
2003	2002	158.5	98.0	53.5	310.0
2004	2003	164.5	98.0	58.0	320.5
2005	2004	170.5	102.0	62.2	334.7
2006	2005	172.3	102.0	66.8	341.1
2007	2006	169.6	95.0	62.6	327.2
2008	2007	179.0	95.0	66.0	340.0
2009	2008	188.4	95.0	66.0	349.4
2010	2009	188.9	95.0	66.0	349.9
2011	2010	193.4	95.0	66.0	354.4
2012	2011	193.4	93.5	62.5	349.4

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, 2012

UNAUDITED

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Abibow US Inc.*	\$ 22,223,486	1	5.2%	\$ 29,247,568	1	9.2%
Rock Hill Telephone Company	8,276,290	2	1.9%	6,988,530	2	2.2%
Amisub of SC Inc.	3,595,320	3	0.8%	2,483,784	4	0.8%
Duke Energy Corporation	2,612,218	4	0.6%	1,485,118	7	0.5%
Atotech USA Inc.*	2,073,687	5	0.5%	1,307,303	10	0.4%
Tyco Electronics Corporation*	2,014,396	6	0.5%	1,885,819	5	0.6%
York Electric Coop Inc.	1,820,840	7	0.4%	1,384,090	9	0.4%
Piedmont Medical Center	1,736,770	8	0.4%	-		
Transaxle Manufacturing of*	1,327,379	9	0.3%	-		
BRC Rock Hill LLC Etal	1,112,820	10	0.3%	-		
Hoechst Celanese Corp	-			6,613,260	3	2.1%
Rock Hill Zamias Limited Partn	-			1,588,020	6	0.5%
Inchem Corp.	-			1,454,912	8	0.5%
Totals	<u>\$ 46,793,206</u>		<u>10.9%</u>	<u>\$ 54,438,404</u>		<u>17.2%</u>

Source: York County Auditor

**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
2003	\$ 63,280,933	\$ 57,668,931	91.1%	\$ 1,271,067	\$ 58,939,998	93.1%
2004	66,349,748	60,221,007	90.8%	1,422,918	61,643,925	92.9%
2005	66,408,876	63,652,835	95.8%	1,386,664	65,039,499	97.9%
2006	68,424,744	64,940,073	94.9%	1,134,885	66,074,958	96.6%
2007	74,113,224	70,067,798	94.5%	1,054,494	71,122,292	96.0%
2008	83,040,915	80,179,252	96.6%	-	80,179,252	96.6%
2009	87,358,630	84,378,226	96.6%	-	84,378,226	96.6%
2010	88,652,889	84,529,097	95.3%	-	84,529,097	95.3%
2011	90,229,762	85,649,832	94.9%	-	85,649,832	94.9%
2012	\$ 92,842,158	\$ 88,620,871	95.5%	\$ -	\$ 88,620,871	95.5%

Source: York County Government

Note: The above table includes all County, District, and other taxing entity taxes levied and collected on taxpayers of the District.

**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
2003	\$ 91,430,000	1.94%	526
2004	121,420,000	2.48%	681
2005	116,895,000	2.26%	636
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

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

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements. 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
2003	\$ 91,430,000	7,526,162	\$ 83,903,838	1.3%	\$ 482
2004	121,420,000	4,217,513	117,202,487	1.8%	657
2005	116,895,000	3,499,617	113,395,383	1.7%	617
2006	129,975,000	3,696,239	126,278,761	1.8%	664
2007	181,845,000	5,213,386	176,631,614	2.7%	887
2008	170,500,000	5,818,538	164,681,462	2.4%	789
2009	157,525,000	7,334,465	150,190,535	2.1%	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	1.7%	\$ 583

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

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

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

N/A = Not Available

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

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2012

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
City of Rock Hill	\$ 17,185,000	100.0%	\$ 17,185,000
York County Government	\$ 66,473,158	103.4%	68,764,720
Subtotal, Overlapping Debt			85,949,720
Rock Hill School District Three Debt			145,185,000
Total Direct and Overlapping Debt			<u>\$ 231,134,720</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 25,927,263	26,377,918	26,339,790	27,235,860	29,661,634	31,263,803	32,402,187	32,474,754	33,294,163	\$ 34,441,929
Total Net Debt Applicable to Debt Limit	5,665,946	2,826,575	6,117,350	7,498,765	14,118,450	12,620,000	11,000,000	11,000,000	13,365,000	10,655,000
Legal Debt Margin	\$ 20,261,317	23,551,343	20,222,440	19,737,095	15,543,184	18,643,803	21,402,187	21,474,754	19,929,163	\$ 23,786,929
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	21.9%	10.7%	23.2%	27.5%	47.6%	40.4%	33.9%	33.9%	40.1%	30.9%

Legal Debt Margin Calculation for Fiscal Year 2012

Total Assessed Value	\$ 430,524,118
Debt Limit (8% of Total Assessed Value)	34,441,929
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	145,185,000
Less: Debt Issued Through Referendum	(134,530,000)
Total Amount of Debt Applicable to Debt Limit	10,655,000
Legal Debt Margin	\$ 23,786,929

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
2003	173,982	\$ 4,711,897	27,083	15,218	7.3%
2004	178,344	4,887,804	27,407	15,537	7.6%
2005	183,762	5,175,845	28,166	15,936	6.5%
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%

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 FIVE YEARS AGO

UNAUDITED

Employer	2012			2006		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Wells Fargo Home Mortgage	2,335	1	2.35%	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%	N/A	N/A	N/A
Clover School District	1,002	8	1.01%	N/A	N/A	N/A
Schaeffler	968	9	0.98%	N/A	N/A	N/A
York County Government	967	10	0.97%	N/A	N/A	N/A
Winthrop University	N/A	N/A	N/A	1,111	4	1.14%
Bowater, Inc.	N/A	N/A	N/A	1,039	6	1.06%
Staceys	N/A	N/A	N/A	800	9	0.82%
US Food Service	N/A	N/A	N/A	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 2003 year is not readily available. The last information available is for the 2006 year.

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

TABLE 15

FULL-TIME EQUIVALENT YORK SCHOOL DISTRICT ONE EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Instruction	1,222	1,280	1,320	1,387	1,492	1,664	1,660	1,607	1,453	1,381
Support Services	400	408	497	548	568	610	614	632	644	648
Community Services	2	2	2	2	2	3	3	1	1	1
Business-Type Activities										
Food Services	148	120	117	128	124	183	184	139	132	128
Total	1,772	1,810	1,936	2,065	2,186	2,460	2,461	2,379	2,230	2,158

**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			
2003	15,218	\$ 101,038,935	\$ 6,639	5.4%	1,009	15	38.0%
2004	15,537	103,625,692	6,670	0.5%	1,059	15	43.0%
2005	15,936	110,971,640	6,964	4.4%	1,063	15	42.0%
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%

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)
2003	28,614	62,688	42,821	40,362
2004	28,802	63,099	43,209	41,162
2005	29,397	64,403	44,186	42,189
2006	29,870	65,439	44,722	43,011
2007	30,649	67,146	45,664	44,335
2008	31,665	69,371	46,398	45,479
2009	32,885	72,045	49,492	47,304
2010	32,885	72,045	49,968	47,304
2011	32,161	72,045	49,566	47,421
2012	32,161	72,045	49,107	47,421

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

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TABLE 18

**ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

UNAUDITED

School	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Elementary Schools</u>										
Bellview (1955)										
Square Feet	58,797	58,797	58,797	58,797	58,797	58,797	58,797	58,797	58,797	58,797
Capacity			600	600	600	600	600	600	600	600
Enrollment	507	511	564	557	572	587	460	465	429	465
Ebenezer (1987)										
Square Feet	47,162	47,162	47,162	47,162	47,162	47,162	47,162	47,162	47,162	47,162
Capacity			340	340	340	340	340	340	340	340
Enrollment	360	317	351	353	360	354	317	316	293	337
Ebinport (1949)										
Square Feet	58,271	58,271	58,271	58,271	58,271	58,271	58,271	58,271	58,271	58,271
Capacity			500	500	500	500	500	500	500	500
Enrollment	461	483	443	496	509	490	533	549	506	574
Finley Road (1957)										
Square Feet	55,837	55,837	55,837	55,837	55,837	55,837	55,837	55,837	55,837	55,837
Capacity			560	560	560	560	560	560	560	560
Enrollment	425	436	433	458	481	552	495	507	461	420
Independence (1978)										
Square Feet	58,485	58,485	58,485	58,485	58,485	58,485	58,485	58,485	58,485	58,485
Capacity			540	540	540	540	540	540	540	540
Enrollment	508	486	501	494	531	484	501	523	517	557
India Hook (2007)										
Square Feet	-	-	-	-	-	74,979	74,979	74,979	74,979	74,979
Capacity			-	-	-	600	600	600	600	600
Enrollment	-	-	-	-	-	446	506	514	538	598

(Continued)

TABLE 18

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

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Elementary Schools (continued)											
Lesslie (1954)											
Square Feet	44,264	44,264	44,264	44,264	44,264	44,264	44,264	44,264	44,264	44,264	44,264
Capacity				520	520	520	520	520	520	520	520
Enrollment	484	520	527	519	511	512	490	489	446	379	
Mt. Gallant (1978)											
Square Feet	58,782	58,782	58,782	58,782	58,782	58,782	58,782	58,782	58,782	58,782	58,782
Capacity				560	560	560	560	560	560	560	560
Enrollment	517	522	545	565	602	554	501	489	457	459	
Mt. Holly (2008)											
Square Feet	-	-	-	-	-	-	74,979	74,979	74,979	74,979	74,979
Capacity				-	-	-	600	600	600	600	600
Enrollment	-	-	-	-	-	-	500	510	522	490	
Northside (1951)											
Square Feet	50,951	50,951	50,951	51,719	51,719	51,719	51,719	51,719	51,719	51,719	50,951
Capacity				480	480	480	480	480	480	480	480
Enrollment	388	406	428	445	485	484	353	376	405	510	
Oakdale (1949)											
Square Feet	59,045	59,045	59,045	59,045	59,045	59,045	59,045	59,045	59,045	59,045	59,045
Capacity				540	540	540	540	540	540	540	540
Enrollment	559	548	591	610	615	663	476	478	396	387	
Old Pointe (2002)											
Square Feet	75,975	75,975	78,975	91,215	91,215	91,215	91,215	91,215	91,215	91,215	91,215
Capacity				600	600	600	600	600	600	600	600
Enrollment	525	596	584	596	687	690	615	611	565	550	

(Continued)

TABLE 18

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

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Elementary Schools (continued)</u>										
Richmond Drive (1949)										
Square Feet	54,738	54,738	54,738	54,738	54,738	54,738	54,738	54,738	54,738	54,738
Capacity				520	520	520	520	520	520	520
Enrollment	507	519	505	519	582	524	524	504	464	535
Rosewood (1960)										
Square Feet	57,493	57,493	57,493	56,011	56,011	56,011	56,011	56,011	56,011	56,011
Capacity				600	600	600	600	600	600	600
Enrollment	572	551	586	620	707	586	604	589	557	604
Sunset Park (1954)										
Square Feet	58,203	58,203	58,203	58,203	58,203	58,203	58,203	58,203	58,203	58,203
Capacity				560	560	560	560	560	560	560
Enrollment	296	294	303	323	293	264	444	444	460	478
Sylvia Circle (1950)										
Square Feet	48,453	48,453	48,453	48,453	48,453	48,453	48,453	48,453	48,453	48,453
Capacity				400	400	400	400	400	400	400
Enrollment	238	262	265	286	256	304	389	389	382	411
York Road (1971)										
Square Feet	59,958	59,958	60,708	60,726	60,726	60,726	60,726	60,726	60,726	60,726
Capacity				520	520	520	520	520	520	520
Enrollment	527	511	528	484	511	474	489	326	450	385
<u>Middle Schools</u>										
Castle Heights (1957)										
Square Feet	106,636	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
Enrollment	866	889	936	921	900	871	788	783	817	763

(Continued)

TABLE 18

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

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Middle Schools (continued)</u>										
Dutchman Creek (2008)										
Square Feet	-	-	-	-	-	-	160,151	160,151	160,151	160,151
Capacity	-	-	-	-	-	-	1,100	1,100	1,100	1,100
Enrollment	-	-	-	-	-	-	875	876	893	929
Rawlinson Road (1972)										
Square Feet	99,101	99,101	99,101	129,471	139,401	139,401	139,401	139,401	139,401	139,401
Capacity				975	1,150	1,150	1,150	1,150	1,150	1,150
Enrollment	957	1,003	1,050	1,070	1,077	1,075	704	708	724	644
Saluda Trail (1999)										
Square Feet	161,419	161,419	161,419	161,419	161,419	161,419	161,419	161,419	161,419	161,419
Capacity				1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	872	899	873	846	868	907	866	864	799	818
Sullivan (1959)										
Square Feet	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
Enrollment	1,097	1,071	1,111	1,063	1,060	975	751	723	765	784
<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
Capacity				1,900	1,900	1,900	1,900	1,900	1,900	1,900
Enrollment	2,340	2,404	2,443	2,089	1,844	1,701	1,791	1,721	1,734	1,743
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
Capacity				2,075	2,075	2,075	2,075	2,075	2,075	2,075
Enrollment	2,211	2,310	2,370	2,172	2,121	2,050	1,998	1,932	1,952	1,959

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

TABLE 18

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
High Schools (continued)										
Southe Pointe (2005)										
Square Feet	-	-	-	364,448	364,448	364,448	364,448	364,448	364,448	364,448
Capacity				1,800	1,800	1,800	1,800	1,800	1,800	1,800
Enrollment	-	-	-	744	1,060	1,289	1,415	1,386	1,467	1,417

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, except in the case of Castle Heights Middle School. An entirely new facility was built in 2004. Information on capacity only available beginning in 2006.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US Department of Agriculture				
Pass-through State Department of Education:				
600	National School Breakfast Program	10.553	N/A	\$ 1,139,934
600	National School Lunch Program - Cash Assistance	10.555	N/A	3,886,953
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	391,448
Total 10.553 & 10.555				5,418,335
600	Lunch Program Aid	10.560	N/A	9,728
Total Passed Through State Department of Education				5,428,063
Total US Department of Agriculture				5,428,063
US Department of Education				
Direct Programs:				
100	Impact Aid	84.041	N/A	55
Pass-through State Department of Education:				
201	Title I	84.010	12BA091	4,148,014
221	Title I - Neglected and Delinquent	84.010	12ND091	128,885
222	ARRA - Title I	84.389A	09SA091	274,739
223	ARRA - Title I - School Improvement	84.389A	10SJ091	8,335
229	ARRA - Title I - Neglected and Delinquent	84.010A	09SN091	2,633
237	Title I - School Improvement	84.010A	12BJ091	34,590
Total 84.010, 84.010A, & 84.389A				4,597,196
Individuals with Disabilities Education Act:				
203	IDEA	84.027A	12CA091	3,037,782
205	IDEA - Preschool Handicapped	84.173	12CG091	102,248
213	IDEA - Professional Development	84.027A	12CO091	6,165
215	ARRA - IDEA 611	84.391A	12SC091	361,108
216	ARRA - IDEA Preschool 619	84.392A	12SG091	144,690
822	Extended School Year	84.027	12CE091	16,545
Total 84.027A, 84.391A, 84.392A & 84.173A				3,668,538
207	Occupational Education	84.048A	12VA091	223,415
240	SC School Climate Initiative (SCSCI)	84.184Y	12CP091	31,394
243	Adult Education	84.002	12EA091	171,609
250	ARRA - State Fiscal Stabilization Fund	84.394A	10SF091	238,221
264	Title III - English Language Acquisition	84.365A	12BP091	107,661
267	Title II - Improving Teacher Quality	84.367A	12TQ091	598,773
894	Title VII	84.060A	S060A092454	20,097
Total Passed Through State Department of Education				9,656,904
Total US Department of Education				\$ 9,656,959

(Continued)

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, 2012

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	\$ 183,775
	Total US Department of Defense			183,775
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 15,268,797

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, 2012

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

B – Basis of Accounting

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

C – Relationship to Basic Financial Statements

Federal award expenditures are reported in the District’s basic 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 BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited 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 School District Three, South Carolina (the "District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 28, 2012. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the discretely presented component unit, as described in our report on the District's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Item 2012-1, that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

We noted certain matters that we have reported to management of the District in a separate letter dated November 28, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the South Carolina Department of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 28, 2012

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

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

Compliance

We have audited Rock Hill School District Three, 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, 2012. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Item 2012-2.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-2. 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.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the South Carolina Department of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 28, 2012

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2012

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ 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?	_____ <u>X</u> Yes	_____ None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ <u>X</u> Yes	_____ No
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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
84.010, 84.010A, 84.389A	Title 1 Cluster, including ARRA programs
84.394A	ARRA - State Fiscal Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$ _____	458,064
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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, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
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?	_____ <u>X</u> Yes	_____ None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ <u>X</u> Yes	_____ No
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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
84.010, 84.010A, 84.389A	Title I Cluster, including ARRA programs
84.394A	ARRA - State Fiscal Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$ _____	458,064
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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, 2012

Section II – Current Year Financial Statement Findings

2012-1: INTERNAL CONTROLS FOR PUPIL ACTIVITIES

Condition: 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.

Overall, the District appears to have designed appropriate policies and procedures over Pupil Activities at the schools. However, during our visits to six 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.

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 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. The Financial Services Department has suffered staff reductions along with all departments in the District and has streamlined processes whenever possible. Although the financial situation remains uncertain, the Department will consider a request for additional staff during the next budget process and will continue communication and training when possible.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

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

Major Program

QUESTIONED COSTS

**Federal Agency: US Department of Agriculture
Pass-Through Agency: South Carolina Department of Education
National School Breakfast and Lunch Cluster: CFDA # 10.553, 10.555
Pass-Through Grantor's Award Number and Year: N/A**

2012-2: ELIGIBILITY

Condition: Controls over the processing of applications and the maintenance of the roster for Free and Reduced students are not as effective as they should be, resulting in students being improperly classified as to their eligibility to participate in the program.

\$ - 0 -

Criteria: The District should have effective controls in place over the processing of applications and the maintenance of the roster of students to ensure that only eligible students participate in the program.

Context and Effect: We selected a sample of 43 students from the roster of "Free, Reduced and Denied" maintained by the District to test controls over the process of recording these students in the Fast Lane System and to ensure that the District is properly recording the students based on their eligibility for the program. We discovered two exceptions as a result of our testing: one of the exceptions was for an application that was classified as free when it should have been classified as reduced, as the application had two students on it and the District only considered one student in its determination of the status; the other exception was for an application that was classified as reduced when it should have been free. In quantifying these exceptions, the total extrapolated questioned costs were below the \$10,000 reporting threshold.

Cause: Oversight by District personnel.

Recommendation: We recommend that the District implement the necessary monitoring and review process to ensure that the processing of applications and the maintenance of the information in the District's roster accurately reflect the students' eligibility for the program.

Response: The District has changed the structure of the Food Service Department and will continue to enhance the review process to enable stronger monitoring of the application approval process.