

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF  
ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA  
  
FOR THE  
FISCAL YEAR ENDED  
JUNE 30, 2008

PREPARED BY:  
Rock Hill School District Three  
Finance Department

ROCK HILL SCHOOL DISTRICT THREE  
Comprehensive Annual Financial Report  
For the fiscal year ended June 30, 2008

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# Introductory Section

ROCK HILL SCHOOL DISTRICT THREE  
ADMINISTRATIVE CHART  
FY 2007 - 2008

**Board of Trustees**

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

<b><u>Name</u></b>	<b><u>Occupation</u></b>	<b><u>Number of Years of Service</u></b>
Mr. Walter Brown, Sr.	Volunteer	7
Mrs. Mildred Douglas	Teacher	7
Mr. Bob Norwood ( <i>Chair</i> )	Insurance Executive	11
Ms. Elizabeth "Ann" Reid	College Instructor	7
Mrs. Mikki Rentschler	Sales	4
Dr. Jason Silverman	University Professor	5
Mr. Jim Vining	Executive, Bowater, Inc.	9

**District Personnel**

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

## Board of Trustees

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



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

## Principals

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



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



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



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



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



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



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



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



**Executive Director of Auxiliary Services**  
Mr. John Hair  
*jhair@rock-hill.k12.sc.us*  
985-3516



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





## Engaging Students for Successful Futures

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

Lynn P. Moody, Ed.D., Superintendent

January 20, 2009

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, 2008. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District.

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

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

### PROFILE OF THE SCHOOL DISTRICT

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

The School District currently operates 16 elementary schools (grades K-5), a four year old child development center, four middle schools (grades 6-8), and three senior high schools (grades 9-12) to serve 16,836 students. The School District also has a vocational center, an adult education center, an alternative center, and a special instructional TV center. All schools in the School District and the School District itself are accredited by the South Carolina Department of Education and Northwestern, Rock Hill High, and South Pointe High are 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; however, it does not meet the criteria of GASB 14 for inclusion in the accompanying financial statements. The School District has reviewed its operating entity definition in order to insure conformance with the Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. 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 67,500+ residents. The City encompasses over 31.8 square miles. While not the County seat, Rock Hill is the largest city in York County, SC 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 25.5 million passengers annually and is the sixth largest major airline hub in the nation. It is a hub for US Airways, has eight major carriers, and averages 600 flights daily with direct non-stop service to 146 destinations.

According to the 2005 South Carolina Statistical Abstract, the County had the seventh largest labor force, eighth largest number of business establishments and seventh largest number of manufacturing companies in the State. In the past several years, York County has averaged \$200 million in industry and business development and 1,700 new jobs annually. 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 Bowater, Inc., a paper mill and Comporium Communications, a telecommunications provider.

In May of 1998, the Mayor announced the Rock Hill/I-77 Strategic Plan. This plan calls for planning and coordinating development along Interstate 77 through Rock Hill from the Catawba River on the northern end, to Porter Road on the southern end. In support of this plan, the City of Rock Hill sold a strategic land holding of 125 acres at the intersection of I-77 and Dave Lyle Boulevard to a local developer to facilitate the creation of “Manchester Village.” Manchester Village is complete and features office, restaurant, retail, entertainment and hotel establishments as well as a full range of residential options.

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.

## **MAJOR INITIATIVES**

The School District is currently operating under its strategic plan for the years 2005 to 2010. The strategic plan includes a mission statement and motto and serves as the basis for school improvement and accountability. It also includes the District’s beliefs, strategic directions, and system priorities. Every school uses the 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.

The current strategic plan was approved by the Board of Trustees in April 2005. Highlights of the plan are as follows:

### **Motto & Mission**

*"Engaging Students for Successful Futures"*

Rock Hill School District Three will provide all students with challenging work that authentically engages them in the learning process and prepares them for successful futures.

### **District Beliefs**

- All students can learn more and at higher levels.
- Teachers directly affect student learning through the design of work that has those qualities that are most engaging to students.
- Diversity, creativity, and innovation enrich learning.
- Active participation from families, the community, and staff are important when making decisions that positively affect student learning.
- High standards exist for everyone in the School District.

### **Primary Accomplishments for FY 2007 - 2008 were as follows:**

- Richmond Drive Elementary was the only school in S.C. to receive the Literacy Spot School award this year.
- Northside Elementary School of the Arts received the S.C. Creative Ticket School of Excellence Award and was one of five schools in the nation cited by the John F. Kennedy Center for the Performing Arts. A student group from Northside performed at the Kennedy Center in March.
- Northside's principal, Linda Crute, was selected as the Outstanding Elementary Principal of the Year by the S.C. Art Education Assn.
- Bonnie Harris, from Castle Heights Middle, and Marsha Bennett, from Independence Elementary, were selected as Distinguished Teachers of Reading by the Palmetto Council of the International Reading Association.
- York County's four school boards received the prestigious Advocacy Program-of-the-Year Award from the S.C. School Boards Assn. District Three won the first award in 2005.
- Twenty-four teachers became National Board certified, bringing the district's total of certifiers to over 225 and ranking seventh in the state.
- South Pointe Principal Al Leonard was selected for the Administrator-of-the-Year award for the Southern Interscholastic Press Assn.
- The district introduced a new security system, Waypoint, to identify visitors in the schools. The system can also calculate the number of hours volunteers are in our schools, which indicates a tremendous financial savings in manpower to the schools.
- Castle Heights became the first middle school in the district to receive accreditation by the Southern Assn. of Colleges and Schools. The district will apply for district-wide accreditation soon.
- South Pointe's school newsletter (SPIN), for South Pointe in the News, received the Palmetto Award on April 28 from the S.C. Scholastic Press Assn.
- Rosewood was one of the 141 elementary and middle schools state-wide that was honored in April for their efforts "to close the achievement gap" among students of differing economic, racial, and ethnic groups. This was Rosewood's second time to win this state honor.
- As to the caring hearts of our students, early childhood students at the Applied Technology Center placed first in the Service Division in the state FCCLA Leadership Conference in March for their numerous philanthropic efforts. Students at Rawlinson Road had the second highest fundraiser in the state for the Leukemia Society. We estimate the fundraising efforts of our students to help the less fortunate in our community, including efforts to support our troops, the total would exceed \$100,000.
- Sullivan Middle School and Saluda Trail Middle School were approved to offer an International Baccalaureate Middle Years Programme. From the beginning of the application process until the date of approval in late April, almost three years elapsed.

- More than 25 new innovations were introduced this year to improve student achievement. These included the Power of Mentoring Program, the opening of the Renaissance Academy, academic coaches at the high school level, and Saturday School for 4th and 5th graders.
- Rosewood Elementary and The Children's Attention Home were named in March 2008 as recipients of Palmetto Silver Awards for high achievement or excellent improvement. A monetary award was received by each recipient based on their student enrollment.
- On May 17, the boys' soccer team at Northwestern, coached by Dominic Wren, won the state championship against Spring Valley High School. The team had played against Spring Valley in the state finals for the past three years, winning in 2006 and again in 2008.
- Rock Hill Schools was chosen as the Risk Control District of the Year by the S. C. School Boards Insurance Trust. This award recognizes the district's efforts to implement safety programs throughout the school system.
- Sandy Andrews was selected by the S. C. Assn. of School Administrators as the S.C. Adult Education Director of the Year on June 16, 2008. She received her award at the SCASA Summer Leadership Institute.
- High school seniors were awarded more than \$12.1 million in scholarships.

## **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. Each month, the Board is given interim financial reports which detail year-to-date expenditures and encumbrances versus budgetary appropriations.

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

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

### **Financial Condition**

Property tax revenues decreased \$4,652,077 or 7.5% under the prior year. This was largely due to a legislative change in state funding that exchanged the funding for school operations from property tax on owner-occupied homes to a 1% sales tax. Largely due to the new legislation as well as an increase in base student cost from \$2,367 to a projected \$2,476 Federal/State formula aid increased by \$14,556,876 or 58.5%. The Board of Trustees approved additional millage for operations of 6.0 mills. Actual revenue exceeded expenditures by \$4 million for the fiscal year. The 2007-08 budget allowed for an increase in teaching positions to handle projected student growth as well as the opening of India Hook Elementary School, a director of elementary education, a director of network engineering, two additional ESOL teachers, physical education teachers, two remediation teachers, two school resource officers and a dance teacher. \$1 million was also added for the special education program.



The unreserved, undesignated fund balance in the general fund at year end was \$23,269,504. During the FY 2007-2008 budget process, the School District did a five-year projection, and has continued to evaluate its position on the size of the fund balance.

With the opening of Mt. Holly Elementary and Dutchman Creek Middle schools in FY 2008-09, the administration continues to analyze the projected a fund balance need and continues to support the need for more than the 8-10 percent minimum designated by the Board. Also the South Carolina General Assembly passed Act 388 in June 2006, which eliminates all school operating taxes on owner-occupied homes and replaced it with a potentially less stable funding source of an additional 1 percent general sales tax. The targeted fund balance will allow the School District not only to maintain its ability to handle any major shortfalls due to an economic decline but also to handle the increase in operating costs for opening new facilities in the near 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. Because of the increase in fund balance, the School District has been able to meet its cash flow needs this year without short-term borrowing.

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

### **Cash Management**

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

The School District uses several entities for investment of funds but primarily through participation in the South Carolina Local Government Investment Pool operated by the Office of the State Treasurer. Funds held by the County Treasurer's office are sent to the SGLIP. The School District has access to all funds in the State Pool within 48 hours. The average interest earnings rate with the SGLIP 2007-08 was 4.08% compared to 5.32% in the previous year. The School District also has an additional account at the State Pool whereby funds from the South Carolina Department of Education are deposited into the County Treasurer's account and immediately transferred into the School District's account.

Another investment tool is through treasury management services provided by Wachovia. The School District maintains several accounts with the bank and all excess funds are swept into an overnight investment account. General fund interest earned was \$1,301,042 compared to \$1,458,261 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, 2008 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 2008 and the outlook for the future.

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

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rock Hill School District Three for its CAFR for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

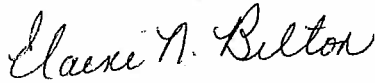
The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting Award for excellence in the preparation and issuance of the fiscal year end 2007 school system CAFR to Rock Hill School District Three. The Certificate of Excellence in Financial Reporting Program was designed by ASBO International to enable school business officials to achieve a high standard of financial reporting. The award is only conferred to school systems that have met or exceeded the standards of the program. This award is also valid for a period of one year. We believe that our current CAFR continues to meet the program requirements, and we are submitting it to ASBO International to determine its eligibility for another certificate.

### **Acknowledgments**

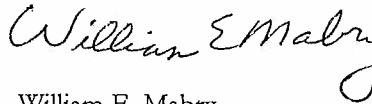
The successful completion of this CAFR would not have been possible without the commitment and hard work of many people. The entire finance staff has continued to maintain an exemplary level of performance without which this report would not be able to be completed. We would also like to thank the Instruction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

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

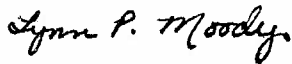
Respectfully Submitted,



Elaine N. Bilton  
Executive Director  
of Financial Services



William E. Mabry  
Associate Superintendent  
for Administrative Services



Lynn P. Moody, Ed.D.  
Superintendent

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Rock Hill School District  
Three of York County  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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



*Charles S. Cox*

President

*Jeffrey R. Egan*

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

ROCK HILL SCHOOL DISTRICT THREE OF YORK COUNTY

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2007

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

*Gronie E. Brendel*

President

*John D. Mueser*

Executive Director

# Financial Section

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Rock Hill School District Three (the School District) as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

*Elliott Davis, LLC*

Columbia, South Carolina  
January 20, 2009

ROCK HILL SCHOOL DISTRICT THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

As management of Rock Hill School District Three (the School District), we offer readers of the Rock Hill School District Three's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2008. Please read the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- General revenues accounted for \$84.8 million in revenue or 48 percent of all revenues. Program specific revenues in the form of charges for sales and services, grants and contributions accounted for \$90.6 million or 52 percent of total revenues of \$175.4 million.
- The School District had \$164 million in expenses related to governmental activities; only \$84 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state funding) of \$84 million were adequate to provide for these programs.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$38 million, a decrease of \$47 million in comparison with the prior year. The decrease was largely a decrease of fund balance in the capital projects fund due to construction expenses related to a bond issue for a building program consisting of construction of two new elementary schools, a new middle school, and other deferred maintenance projects throughout the District. Proceeds will continue to be expended based on construction completion.
- The total assets of the Rock Hill School District Three's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$125,190,771. Of this amount, \$26.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Among the major funds, the general fund had \$123 million in revenues and other financing sources and \$119 in expenditures and other financing uses. Transfers in from other funds helped supplement the short-fall in revenues. The general fund's fund balance increased \$4,136,474 from the prior fiscal year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$23.2 million or 19.8 percent of the total general fund expenditures.
- The School District reduced its outstanding long-term debt to \$184,291,623.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

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

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

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

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

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

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

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

***Fund Financial Statements*** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The table below provides a summary of the School District's net assets as of June 30, 2008 compared to June 30, 2007:

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current assets	\$ 58,941,266	\$ 106,90,139	\$ 507,034	\$ 57,296	\$ 59,448,300	\$ 106,958,687
Capital assets	272,163,776	233,047,054	1,466,828	1,589,337	273,630,604	234,636,391
Total assets	<u>\$ 331,105,042</u>	<u>\$ 339,948,445</u>	<u>\$ 1,973,862</u>	<u>\$ 1,646,633</u>	<u>\$ 333,078,904</u>	<u>\$ 341,595,078</u>
Long-term debt outstanding	\$ 169,845,467	\$ 183,670,397	\$ -	\$ -	\$ 169,845,467	\$ 183,670,397
Other liabilities	36,068,804	35,441,021	(501,253)	(1,411,666)	35,567,551	34,029,355
Total liabilities	<u>205,914,271</u>	<u>219,111,418</u>	<u>(501,253)</u>	<u>(1,411,666)</u>	<u>205,413,018</u>	<u>217,699,752</u>
Net assets						
Invested in capital assets, net of related debt	85,685,189	86,716,022	1,466,828	1,589,337	87,152,017	88,305,359
Restricted	12,952,545	14,447,991	-	-	12,952,545	14,447,991
Unrestricted	<u>26,553,037</u>	<u>19,673,014</u>	<u>1,008,287</u>	<u>1,468,962</u>	<u>27,561,324</u>	<u>21,141,976</u>
Total net assets	<u>125,190,771</u>	<u>120,837,027</u>	<u>2,475,115</u>	<u>3,058,299</u>	<u>127,665,886</u>	<u>123,895,326</u>
Total liabilities and net assets	<u>\$ 331,105,042</u>	<u>\$ 339,948,445</u>	<u>\$ 1,973,862</u>	<u>\$ 1,646,633</u>	<u>\$ 333,078,904</u>	<u>\$ 341,595,078</u>

Total assets of the School District decreased overall \$8.5 million. Deposits with York County Treasurer in the Capital Projects fund decreased \$40.5 million due to expenditures relating to a \$92 million building program in its third year of activity. During the current year no general obligation bonds were issued. The deposits remaining at year end are net of expenditures from construction costs paid on India Hook elementary school which opened in 2007-08, and Mt. Holly Elementary and Dutchman Creek Middle schools which will open in 2008-09. Also, capital assets increased in total by \$39 million mainly due to construction in progress expenditures for Mt. Holly Elementary School and Dutchman Creek Middle schools.

Total liabilities decreased by \$12.3 million. Long-term debt outstanding accounted for a decrease of \$13.8 million due to bond repayments. The district did not issue any additional debt in 2007-2008. Accrued salaries and benefits increased due to the hiring of additional staff for the opening of a new elementary school as well as an increase in staff for instructional initiatives approved by the Board of Trustees. Teachers receive their last check for their fiscal year contract in July each year which is accrued at year end.

Total net assets increased \$3.8 million or 3.1%, largely due to the net assets of the capital projects fund discussed above to be utilized in completion of the current building commitments. The unrestricted net assets increased \$6.9 million in the governmental activities. This increase was due to expenditures under budgetary projections and greater interest earnings than originally projected. The School District also received more State appropriations than budgeted due to student growth and a larger payment from the State for Act 388 funding.

Both Governmental Activities and Business-type Activities are reporting positive balances in all three categories of net assets. In the prior fiscal year, 2007, they also reported positive balances.

The table below shows the changes in net assets for fiscal year 2008 compared to 2007.

	Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>REVENUES</b>						
Program revenues						
Charges for sales/services	\$ 2,187,263	\$ 1,990,488	\$ 2,389,487	\$ 2,347,399	\$ 4,576,750	\$ 4,337,887
Operating grants/contributions	81,227,036	73,960,271	4,092,600	3,638,605	85,319,636	77,598,876
Capital grants/contributions	517,685	-	138,845	-	656,530	455,697
General revenues						
Property taxes	57,131,786	61,783,863	-	-	57,131,786	61,783,863
Federal/state formula aid	24,916,292	10,359,416	-	-	24,916,292	10,359,416
Other	2,326,658	4,539,112	430,649	-	2,757,307	4,539,112
Total revenues	168,306,720	152,633,150	7,051,581	986,004	175,358,301	158,619,154
<b>EXPENSES</b>						
Instruction	92,375,363	84,173,964	-	-	92,375,363	84,173,964
Support services	63,149,808	53,597,217	-	-	63,149,808	53,597,217
Community services	228,669	122,819	-	-	228,669	122,819
Intergovernmental	715,125	835,277	-	-	715,125	835,277
Interest and other charges	7,484,011	6,391,797	-	-	7,484,011	6,391,796
Food service	-	-	7,634,765	6,390,272	7,634,765	6,390,272
Total expenses	163,952,976	145,121,074	7,634,765	6,390,272	171,587,741	151,511,346
Change in net assets	4,353,744	7,512,076	(583,184)	(404,268)	3,770,560	7,107,808
NET ASSETS, JULY 1, 2007	120,837,027	113,324,951	3,058,299	3,462,567	123,895,326	116,787,518
NET ASSETS, JUNE 30, 2008	<u>\$ 125,190,771</u>	<u>\$ 120,837,027</u>	<u>\$ 2,475,115</u>	<u>\$ 3,058,299</u>	<u>\$ 127,665,886</u>	<u>\$ 123,895,326</u>

Property tax revenues decreased \$4,652,077 or 7.5 % under the prior year. This was due to a legislative change in state funding that exchanged the funding for school operations from property tax on owner occupied homes to a 1% state sales tax. Federal/state formula aid funding increased by \$14,556,876 or 58.5% largely due to the change in funding source.

Charges for sales/services increased \$196,775 or 9.9% over the prior year. These governmental activities charges are largely from the School District's after school program called Challenger. It is operated in all 16 elementary schools and currently serves over 1,000 students. It is a curriculum based program which operates each day from the end of the regular school day until six P.M. It is a special revenue fund which operates solely from tuition charges with a small amount of general fund assistance. During this year, tuition charges were not increased. The School District uses a mandatory draft program for tuition collection which has reduced uncollectible receivable balances.

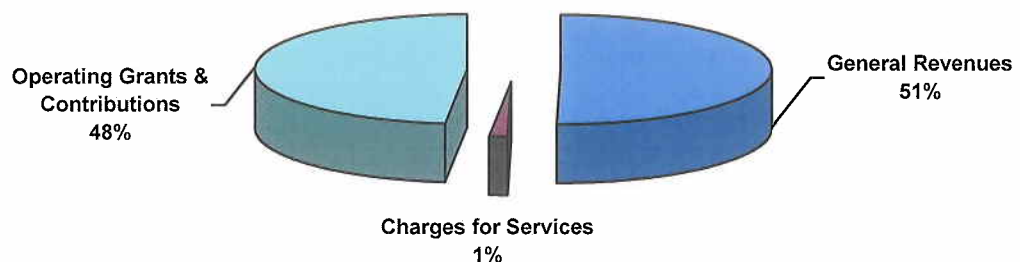
The School District's expenditures are primarily related to instruction and support services. In FY 2008, the School District's instructional services accounted for 56.4 percent and support services accounted for 38.5 percent of total governmental activities costs compared to 58.1 percent and 37.0 percent, respectively, in the prior fiscal year. The instructional costs are largely from salary and fringe benefits for teachers and other educational staff. The support costs are primarily maintenance, utilities and pupil transportation. Intergovernmental expenditures decreased \$120,000 from the prior year.

Total revenues surpassed expenses, increasing net assets \$3.8 million over the prior year.

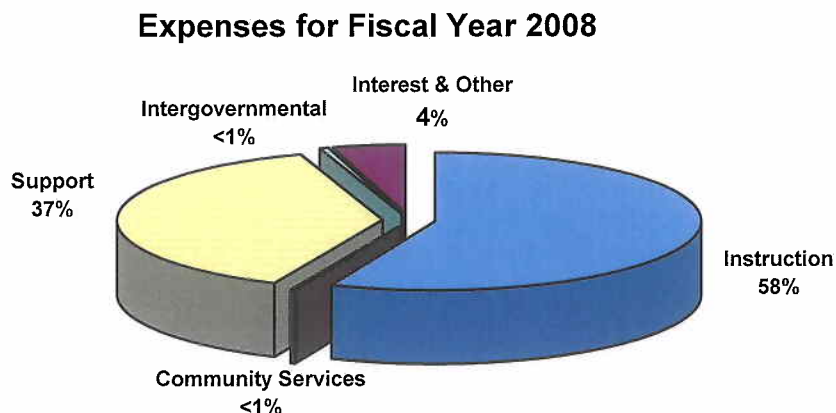
#### GOVERNMENTAL ACTIVITIES:

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

#### **Revenues by Source - Governmental Activities**



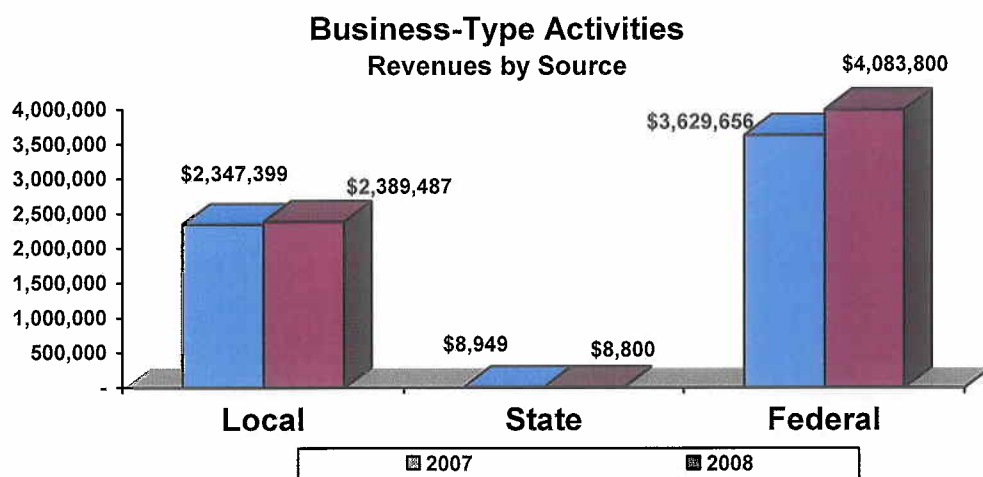
The figure below represents the cost of four major School District activities: instruction, support services, community services, and intergovernmental and other.



Overall, the School District's financial position is stable. This stability can be credited to the local economy, specifically a steady growth in our tax base, as well as innovative management decisions when developing new programs and policies. However, this rate of growth may slow during the current fiscal year, 2008-2009.

#### BUSINESS-TYPE ACTIVITIES:

Business-type activities consist of the School District's food service operations. This operation receives no support from tax revenues. As demonstrated below, the revenue received is approximately 36.9% from local sources and slightly more than half from federal sources (63.0%). The remainder of less than 1 percent is from state sources.



During FY 2008, revenues of the School District's business-type activities increased 8.3 percent to \$6,482,087. The increase in revenue is due to several factors. First, the Federal reimbursement rate the School District received increased by \$.10 for each free/reduced lunch meal and \$.05 for each free/reduced breakfast meal. Also, the number of lunch meals served increased by 130,468. The increase in meals served may be attributed to staff training in order to identify reimbursable meals and student menu preferences.

Salary and fringe expenses increased as projected during FY 2008 due to a 3.31 percent cost of living adjustment in wages and a 2% merit increase for all employees. Food and supply costs continued to increase due to increases in fuel and inflationary cost increases. Total expenses increased by \$1,244,493 including \$430,649 additional costs of employee benefits due to a change in accounting procedures.

Food Service operations in summary reflected a loss for the fiscal year of \$(583,184) which decreased the net assets from \$3.0 to \$2.5 million. Because of continued cost increases, meal prices have been increased for 2008-2009.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As the School District completed the year, its government funds reported combined fund balances of \$38 million, a net \$46 million decrease from last year's ending fund balances. The capital fund balance decreased by \$51 million to \$8 million because construction of two new schools was completed in the summer of 2008. The debt service fund balance increased \$605,152 due to growth in the value of a mill on tax collections. The general fund's fund balance increased by \$4,136,474 to \$23,269,504. This excess came from a combination of interest earnings and state revenue exceeding anticipated budgeted amounts as well as conservative spending during the fiscal year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

For the fiscal year 2007-2008 budget, the School District compiled and submitted to the Board of Trustees a balanced budget. Local revenues were projected to increase 10.3 percent over the preceding year and additional state revenues were anticipated due to a projected base student cost increase from \$2,367 to \$2,476. The average daily membership of the School District was projected to increase by approximately 400 students for a total of 17,095. The Board of Trustees approved the operating budget with a net millage increase after reassessment of 6.0 mills for 2008. Based on the millage increase and the local value of a mill increasing from \$353,000 to \$378,000, the School District projected the increase in value would generate \$5.6 million in additional local revenue.

Budgeted expenditures included additional teaching positions to handle projected student growth as well as the opening of India Hook Elementary school, a director of elementary education, a director of network engineering, two additional ESOL teachers, a physical education teacher, two 4K remediation teachers, 2 school resource officers, and a dance teacher. \$1 million was also added in the general fund budget for the special education program. The budget also contained a state mandated teacher salary increase which the School District applied to all categories of employees.

- Local property tax revenues were close to budgeted projections. The actual amount collected was \$597,934 higher than budgeted, or 1.5% difference. The School District's total assessed value increased due and expected growth in the tax base. A portion of the School District's local tax revenue is provided by a Countywide millage allocated to the four school districts in York County based on average daily membership. Rock Hill School District's percentage decreased to 46.16% compared to 47.38% last year. Also, the School District continues to receive a fixed amount of State Local Property Tax Reimbursement dollars (\$5,991,204) based on tax year 1999 and receives no increased reimbursement for any growth in the tax base.
- State revenues were \$2,145,043 higher than budgeted, or 2.7% due to additional state funds received from Act 388, the state property tax relief act of 2006. The final State base student cost allocated and received was \$2,476. The School District budget was conservative on projections of State revenue due to a potential cap on statewide pupil units which can reduce the base student cost.
- Overall, actual revenues were \$3 million higher than budgeted revenue. This excess was mainly due to higher interest earnings and additional State revenue.
- Actual expenditures for the fiscal year were \$1.0 million or .8% under budget. There were no unusual items to report.

During the budget process, the State Health Plan projected to increase employer contribution costs by 7.0% mid-year. The new rates were effective January 2008 which resulted in a 3.5% mid-year cost increase for the fiscal year. The School District also budgeted an increase in the South Carolina Retirement System employer contribution rate from 11.55% to 12.63% which was increased as projected. The School District, including principals and department heads, have continued to take a conservative approach to spending during the year. Any additional state/federal funding received during the year is utilized prior to general fund monies.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** - By the end of 2008, the School District had invested \$339 million in a broad range of capital assets, including school buildings, athletic facilities, media center books and various types of equipment necessary to operate the School District's 28 schools and administrative offices. This amount represents an increase of \$45.3 million from last year (more detailed information about capital assets can be found in Note 4 to the financial statements). Construction-in-progress accounted for \$22 million of the increase in capital assets and includes expenditures for two new schools, Mt. Holly Elementary, and Dutchman Creek Middle schools, under construction.. Buildings and improvements contributed \$21 million of the increase for India Hook Elementary School which opened in August, 2007. Total depreciation expense for the year for all capital assets was \$6,309,334.

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

	Governmental activities		Business-type activities		Total percent change
	2008	2007	2008	2007	2007-2008
Land	\$ 10,384,172	\$ 10,370,972	\$ -	\$ -	0%
Buildings and improvements	198,993,878	183,030,982	51,323	57,277	8.70
Furniture and equipment	4,284,560	2,966,176	1,415,505	1,532,060	26.70
Library books	143,327	191,535	-	-	(25.17)
Construction in progress	58,170,601	36,269,371	-	-	60.39
Total	<u>\$ 271,976,538</u>	<u>\$ 232,829,036</u>	<u>\$ 1,466,828</u>	<u>\$ 1,589,337</u>	<u>16.6%</u>

The School District is in the final phase of a \$92 million building program approved by the voters in March 2005. In fiscal year 2006-07, \$55 million of bonds were issued for the construction of Mt. Holly Elementary and Dutchman Creek Middle schools scheduled to open in August 2008. Other projects in the building program include India Hook Elementary School which opened in 2007 and various expansions and renovations and improvements at existing schools.

Additional information on the School District's capital assets can be found in Note 4 on pages 45 and 46 of this report.

**Long-Term Debt** - At year-end, the School District had \$170.5 million in general obligation bonds. This was a decrease of approximately 7 percent from the prior year. No new debt was issued during the fiscal year. Debt repayment of \$11,345,000 was for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to eight (8) percent of its total assessed valuation. The current debt limitation for the School District is \$31.2 million. Of the debt outstanding, \$157.9 million issued was approved by referendum and \$12.6 million is applied to the current debt limit leaving a legal debt margin of \$18.6 million.

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

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



## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

This growth also brings an annual estimated increase in the School District's student population of about 250+ students. The School District's goal is to continue to provide the same level of educational programs and to continue to improve academic performance across the School District.

South Carolina's economic status continues to be a concern since school district operating funds are more dependent on the collection of sales tax revenue at the State level. The School District has already experienced four State budget cuts in Education Finance Act and Education Improvement Act funds from the original allocations in preparing the FY 2008-09 budget. The total reductions to date for the School District are approximately \$5,961,184, which could be permanent reductions in funding for future years.

In preparing the 2008-09 budgets, the School District Administration continued to closely monitor the final changes to Act. 388 which was passed by the South Carolina General Assembly in June 2006. Act. 388 eliminates all school operating taxes on owner-occupied homes and replaces it with a potentially less stable funding source of an additional 1 percent general sales tax. Fiscal year 2007-08 was the base year for establishing future sales tax disbursements from the newly created State Trust Fund. The School District prepared its budget based on property tax revenue which would be received under the previous mechanism as instructed by the State. The School District also prepared its budget based on the full projected base student cost of \$2,547 per pupil and the Board approved an increase in local property tax millage by 3 mills. The increases in revenue estimates over the prior year will be used by the School District for additional teaching positions needed for growth in the student population, additional teaching and support positions for opening Mt. Holly Elementary and Dutchman Creek Middle schools in FY 2008-09, continued innovative programs for increasing student academic achievement. And reserve for start up costs for the opening of schools in FY 2008-09. Budgeted expenditures in the General fund increased 7.16% to \$128,542,342 for fiscal year 2008-09.

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 2008-09 as well as future years. We will plan carefully to provide the necessary resources to meet student and staff needs in the future and continue the successes of Rock Hill School District Three.

## CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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



# Basic Financial Statements

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

Exhibit 1

	Primary government		
	Governmental activities	Business-type activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 25,072,673	\$ 7,777	\$ 25,080,450
Deposits with York County Treasurer	29,627,155	-	29,627,155
Receivables			
Accounts receivable	37,968	-	37,968
Taxes, net	2,042,186	-	2,042,186
Due from governmental units			
Federal	1,625,487	447,930	2,073,417
Other state agencies	251,807	-	251,807
Inventories	255,846	51,327	307,173
Deferred charges	28,144	-	28,144
Total current assets	58,941,266	507,034	59,448,300
<b>NON-CURRENT ASSETS</b>			
Deferred charges	187,238	-	187,238
Non-depreciable capital assets	68,554,773	-	68,554,773
Depreciable capital assets, net of accumulated depreciation	203,421,765	1,466,828	204,888,593
Total non-current assets	272,163,776	1,466,828	273,630,604
Total assets	<u>\$ 331,105,042</u>	<u>\$ 1,973,862</u>	<u>\$ 333,078,904</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 7,810,757	\$ -	\$ 7,810,757
Retainage payable	1,920,060	-	1,920,060
Unearned revenue	1,692,186	-	1,692,186
Accrued salaries and benefits	6,988,857	-	6,988,857
Due to other funds	713,201	-	713,201
Internal balances	501,253	(501,253)	-
Accrued interest	1,996,333	-	1,996,333
Current portion of non-current liabilities			
Bonds payable	13,274,718	-	13,274,718
Capital lease	1,039,424	-	1,039,424
Compensated absences	132,015	-	132,015
Total current liabilities	36,068,804	(501,253)	35,567,551
<b>NON-CURRENT LIABILITIES</b>			
Bonds payable	160,217,037	-	160,217,037
Capital lease	9,202,043	-	9,202,043
Compensated absences	426,387	-	426,387
Total non-current liabilities	169,845,467	-	169,845,467
Total liabilities	<u>205,914,271</u>	<u>(501,253)</u>	<u>205,413,018</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	85,685,189	1,466,828	87,152,017
Restricted for			
Special projects	674,365	-	674,365
Capital projects	8,063,858	-	8,063,858
Debt service	4,214,322	-	4,214,322
Unrestricted	26,553,037	1,008,287	27,561,324
Total net assets	125,190,771	2,475,115	127,665,886
Total liabilities and net assets	<u>\$ 331,105,042</u>	<u>\$ 1,973,862</u>	<u>\$ 333,078,904</u>

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

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF ACTIVITIES  
For the fiscal year ended June 30, 2008

Exhibit 2

Functions/Programs	Program revenues			Net (expense) revenue and changes in net assets		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government	
					Governmental activities	Business-type activities
Primary government						
Governmental activities						
Instruction	\$ 92,375,362	\$ 2,187,263	\$ 60,894,335	\$ -	\$ (29,293,765)	\$ (29,293,765)
Support services	63,864,933	-	20,279,970	517,685	(43,067,277)	(43,067,277)
Community services	228,669	-	52,730	-	(175,939)	(175,939)
Interest and other charges	7,484,011	-	-	-	(7,484,011)	(7,484,011)
Total governmental activities	163,952,976	2,187,263	81,227,036	517,685	(80,020,992)	(80,020,992)
Business-type activities						
Food service	7,634,765	2,389,487	4,092,600	138,845	\$ (1,013,833)	(1,013,833)
Total business-type activities	7,634,765	2,389,487	4,092,600	138,845	(1,013,833)	(1,013,833)
Total primary government	\$ 171,587,741	\$ 4,576,750	\$ 85,319,636	\$ 656,530	(80,020,992)	(81,034,825)
General revenues:						
Property taxes levied for:						
General purposes					38,514,743	38,514,743
Debt service					18,617,043	18,617,043
Federal and state aid not restricted for specific purpose					24,916,292	24,916,292
Unrestricted investment earnings					2,749,129	2,749,129
Transfers					(430,649)	430,649
Miscellaneous					8,178	8,178
Total general revenues					84,374,736	84,805,385
Change in net assets					4,353,744	(583,184)
Net assets, July 1, 2007					120,837,027	3,770,560
Net assets, June 30, 2008					\$ 125,190,771	\$ 123,895,326
					\$ 2,475,115	\$ 127,665,886

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

ROCK HILL SCHOOL DISTRICT THREE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

Exhibit 3

	Special Revenue Funds					Total Governmental Funds
	General	Special Projects	Education Improvement Act	Debt Service	Capital Projects	
<b>ASSETS</b>						
Cash and investments	\$ 25,072,573	\$ 100	\$ -	\$ -	\$ -	\$ 25,072,673
Deposits with York County Treasurer	17,051,396	-	-	5,050,396	7,525,363	29,627,155
Receivables						
Accounts receivable	37,968	-	-	-	-	37,968
Taxes, net	1,428,142	-	-	614,044	-	2,042,186
Due from other funds	-	-	823,049	546,217	3,634,939	5,004,205
Due from governmental units						
Federal	-	1,625,487	-	-	-	1,625,487
Other state agencies	238,186	13,621	-	-	-	251,807
Inventories	113,720	5,191	136,935	-	-	255,846
<b>Total assets</b>	<b>\$ 43,941,985</b>	<b>\$ 1,644,399</b>	<b>\$ 959,984</b>	<b>\$ 6,210,657</b>	<b>\$ 11,160,302</b>	<b>\$ 63,917,327</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 6,634,373	\$ -	\$ -	\$ -	\$ 1,176,384	\$ 7,810,757
Retainage payable	-	-	-	-	1,920,060	1,920,060
Deferred revenue	1,068,426	732,203	959,984	392,119	-	3,152,732
Due to other funds	5,980,825	237,831	-	-	-	6,218,656
Accrued salaries and benefits	6,988,857	-	-	-	-	6,988,857
<b>Total liabilities</b>	<b>20,672,481</b>	<b>970,034</b>	<b>959,984</b>	<b>392,119</b>	<b>3,096,444</b>	<b>26,091,062</b>
<b>Fund balances:</b>						
Reserved for:						
Debt service	-	-	-	5,818,538	-	5,818,538
Capital projects	-	-	-	-	8,063,858	8,063,858
Unreserved:						
Undesignated	23,269,504	674,365	-	-	-	23,943,869
<b>Total fund balances</b>	<b>23,269,504</b>	<b>674,365</b>	<b>-</b>	<b>5,818,538</b>	<b>8,063,858</b>	<b>37,826,265</b>
<b>Total liabilities and fund balances</b>	<b>\$ 43,941,985</b>	<b>\$ 1,644,399</b>	<b>\$ 959,984</b>	<b>\$ 6,210,657</b>	<b>\$ 11,160,302</b>	<b>\$ 63,917,327</b>

Total governmental fund balances \$ 37,826,265

**Amounts reported for governmental activities in the statement of net assets are different because of the following:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$339,548,832 and the accumulated depreciation is \$67,572,294. 271,976,538

Property taxes receivable are not available to pay for current period expenditures and therefore are deferred in the funds. 1,460,546

Deferred charges are not reported in the funds because they are not current financial resources, but they are reported in the statement of net assets. Deferred charges of \$304,337 have been amortized by \$88,959. 215,378

Unearned bond premiums are deferred in the Statement of Net Assets. The premiums of \$4,088,382 have been amortized by \$1,096,627. (2,991,755)

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

    General obligation bonds payable (170,500,000)

    Capital lease obligations (10,241,466)

    Compensated absences (558,402)

    Accrued interest payable (1,996,333)

Net assets of governmental activities \$ 125,190,771

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

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the fiscal year ended June 30, 2008

Exhibit 4

	Special Revenue Funds					Total Governmental Funds
	General	Special Projects	Education Improvement Act	Debt Service	Capital Projects	
REVENUES						
Local						
Property taxes	\$ 36,042,364	\$ -	\$ -	\$ 17,820,519	\$ -	\$ 53,862,883
Interest	1,301,042	-	-	180,913	1,267,173	2,749,128
Other	2,518,518	2,700,046	515	749,584	4,450	5,973,113
Total local sources	39,861,924	2,700,046	515	18,751,016	1,271,623	62,585,124
State sources	80,626,590	2,473,011	13,204,821	718,408	517,685	97,540,515
Federal sources	-	8,179,389	-	-	-	8,179,389
Intergovernmental	250,000	42,937	-	17,000	-	309,937
Total revenues	120,738,514	13,395,383	13,205,336	19,486,424	1,789,308	168,614,965
EXPENDITURES						
Current						
Instruction	69,721,022	9,886,500	8,736,186	-	-	88,343,708
Support services	47,140,598	4,263,774	1,301,353	-	-	52,705,725
Community services	173,900	54,769	-	-	-	228,669
Intergovernmental	230,455	143,282	-	-	-	373,737
Debt service						
Principal	-	-	-	11,345,000	-	11,345,000
Interest	-	-	-	8,012,189	-	8,012,189
Other	-	-	-	2,300	-	2,300
Capital outlay	-	-	-	-	53,543,320	53,543,320
Total expenditures	117,265,975	14,348,325	10,037,539	19,359,489	53,543,320	214,554,648
Excess (deficiency) of revenues over (under) expenditures	3,472,539	(952,942)	3,167,797	126,935	(51,754,012)	(45,939,683)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,393,621	600,972	-	478,217	834,892	4,307,702
Transfers out	(1,729,686)	(182,256)	(3,167,797)	-	-	(5,079,739)
Total other financing sources (uses)	663,935	418,716	(3,167,797)	478,217	834,892	(772,037)
Net change in fund balances	4,136,474	(534,226)	-	605,152	(50,919,120)	(46,711,720)
FUND BALANCES - JULY 1, 2007	19,133,030	1,208,591	-	5,213,386	58,982,978	84,537,985
FUND BALANCES - JUNE 30, 2008	\$ 23,269,504	\$ 674,365	\$ -	\$ 5,818,538	\$ 8,063,858	\$ 37,826,265

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

ROCK HILL SCHOOL DISTRICT THREE  
RECONCILIATION OF STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the fiscal year ended June 30, 2008

Exhibit 4  
(Continued)

Total net change in fund balances - governmental funds (from Exhibit 4)	\$ (46,711,720)
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**Amounts reported for governmental activities in the statement of activities are different because of the following:**

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, net (\$45,456,836) exceeds depreciation expense (\$6,309,334).

39,147,502

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Capital lease payments

103,377

Bond principal retirement

11,345,000

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount that bond premiums (\$301,310) exceed deferred bond issuance costs (\$28,144) along with net amortization of bond premiums and deferred issuance costs, which totaled \$273,166 in the current period.

273,166

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year.

122,404

In the statement of activities, certain operating expenses - compensated absences (vacation pay) - are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). This year, the amount earned exceeded the vacation used.

(79,920)

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.

153,935

Change in net assets of governmental activities (from Exhibit 2)	\$ <u>4,353,744</u>
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The accompanying notes are an integral part of these basic financial statements.

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2008

Exhibit 5

	<u>Enterprise Fund - Food Service</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 7,777
Due from other funds	501,253
Due from governmental units	447,930
Purchased food inventory	29,968
Supplies inventory	<u>21,359</u>
Total current assets	<u>1,008,287</u>
NON-CURRENT ASSETS	
Property and equipment (less accumulated depreciation of \$2,416,427)	<u>1,466,828</u>
Total non-current assets	<u>1,466,828</u>
Total assets	<u>\$ 2,475,115</u>
NET ASSETS	
Invested in capital assets	\$ 1,466,828
Unrestricted	<u>1,008,287</u>
Total net assets	<u>\$ 2,475,115</u>

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

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
For the fiscal year ended June 30, 2008

Exhibit 6

	Enterprise Fund - Food Service
OPERATING REVENUES	
Proceeds from sales of meals	\$ 2,386,820
Other operating revenues	<u>2,667</u>
Total operating revenues	<u>2,389,487</u>
OPERATING EXPENSES	
Food costs	3,495,106
Salaries and wages	3,122,128
Supplies and materials	565,198
Depreciation	256,640
Other	<u>195,693</u>
Total operating expenses	<u>7,634,765</u>
Operating loss	<u>(5,245,278)</u>
NON-OPERATING REVENUES	
USDA reimbursements	3,678,149
Commodities received from USDA	405,651
Other state aid	<u>8,800</u>
Total non-operating revenues	<u>4,092,600</u>
OTHER FINANCING SOURCES	
Transfer from general fund	430,649
Capital contributions	<u>138,845</u>
Total other financing sources	<u>569,494</u>
Change in net assets	(583,184)
NET ASSETS, JULY 1, 2007	<u>3,058,299</u>
NET ASSETS, JUNE 30, 2008	<u><u>\$ 2,475,115</u></u>

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



ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the fiscal year ended June 30, 2008

Exhibit 7

	<u>Enterprise Fund - Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from patrons	\$ 2,394,201
Payments to employees for services	(2,421,835)
Payments for employee benefits	(269,644)
Payments for goods and services	<u>(3,818,512)</u>
Net cash used by operating activities	<u>(4,115,790)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from general fund	430,649
Nonoperating grants received	<u>3,686,949</u>
Net cash provided by noncapital financing activities	<u>4,117,598</u>
Net increase in cash and cash equivalents	1,808
CASH AND CASH EQUIVALENTS, JUNE 30, 2007	<u>5,969</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2008	<u><u>\$ 7,777</u></u>
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (5,245,278)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	256,640
Commodities used	405,651
Loss on disposition of capital assets	4,714
Changes in deferred and accrued amounts	
Due from other funds	910,413
Due from governmental units	<u>(447,930)</u>
Net cash used by operating activities	<u><u>\$ (4,115,790)</u></u>

NONCASH TRANSACTIONS

During the fiscal year ended June 30, 2008, the School District received food commodities from the USDA totaling \$405,651.

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

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
JUNE 30, 2008

Exhibit 8

ASSETS

Cash	\$ 25,700
Due from other funds	<u>713,201</u>
Total assets	<u><u>\$ 738,901</u></u>

LIABILITIES

Due to pupil activities	<u>\$ 738,901</u>
Total liabilities	<u><u>\$ 738,901</u></u>

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

# ROCK HILL SCHOOL DISTRICT THREE

## NOTES TO BASIC FINANCIAL STATEMENTS

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### A. Reporting Entity

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

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

#### B. Basis of Presentation

The statements of the School District are presented as follows:

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

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

**B. Basis of Presentation - (Continued)**

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

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

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

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

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

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

Fund Accounting

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

***Governmental Funds***

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

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

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

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

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

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

***Proprietary Funds***

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

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

***Fiduciary Funds***

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

**Basis of Accounting**

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

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

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2008, but which have not met the revenue recognition criteria, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

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

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

**D. Assets, Liabilities and Equity**

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

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

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

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

**Inventories** - Under the system of accounting for inventory, materials and supplies are carried in an inventory account at cost, using the first-in, first-out method of accounting and are subsequently charged to expense when consumed. Inventory includes food, supplies and commodities. An amount for commodities received from the USDA, but not consumed as of June 30, 2008, has been recorded at fair market value as provided by the USDA and is included in purchased food inventory.

# ROCK HILL SCHOOL DISTRICT THREE NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

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

All reported capital assets other than land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

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



ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Accounting** - State statutes require a budget for operations be approved before any expenditures are made. The Board will usually approve the operating budget in June for the fiscal year beginning July 1. A budget is adopted by July 1 of each fiscal year for the General Fund, on the same modified accrual basis used to reflect actual revenues and expenditures in the fund financial statements. The Board does not adopt a budget for the Special Revenue Fund. Special Revenue Fund budgets are controlled in conformance with the specific requirements of those funds (i.e., federal and state grant funds available are based on award amounts and the State EIA funds are based on the state appropriation). In addition, no budgets are prepared for the debt service and capital projects funds. A budget and actual comparison is presented in the accompanying fund financial statements for the general fund. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts adopted in the original appropriations. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended budget issued during the year ended June 30, 2008. This budget is prepared by function and object as dictated by the State-adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School District's policies allow funds to be transferred between functions with administrative approval. The total budget cannot be increased beyond that level approved by the Board of Trustees originally and in supplementary action. The legal level of control is at the fund level.

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

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

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

**III. DETAILED NOTES ON ALL FUNDS**

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

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

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

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of bank failure, the School District's cash equivalents and deposits may not be returned to the School District. At June 30, 2008, the School District had deposits with a carrying amount of \$1,774,848 and a bank balance of \$4,718,343. The bank balance was entirely covered by Federal depository insurance, by collateral held by the School District or the School District's agent in the School District's name. The School District has \$29,627,155 on deposit with the York County Treasurer. The School District has no custodial credit risk since there are no uncollateralized or uninsured and unregistered securities held by the counterparty, or by its trust department or agent but not in the School District's name.

At June 30, 2008, the School District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Local government investment pool	Various	\$ 20,429,024
Goldman Sachs Financial Square		
Treasury Obligation Fund	Various	<u>2,868,801</u>
		<u><b>\$ 23,297,825</b></u>

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

- (Continued)

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

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

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

NOTE 2 - PROPERTY TAXES

The School District's property tax is levied each October on the assessed value listed as of the prior December 31 for all real and business personal property located in the School District. The assessed value on the roll at December 31, 2006, upon which the levy for the 2007-2008 fiscal year was based, was \$347,078,632 (excluding vehicles valued at \$43,718,911). Taxes are delinquent on March 15, the collection date, following the October 1 levy date. Property taxes become a lien against the property as of March 15 of the calendar year following the levy date. A tax auction is held the first Monday in October on all delinquent property. Total tax collections, which include delinquent tax collections and penalties, equaled approximately 95% of the current tax levy for the year ended June 30, 2008.

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

NOTE 3 - RECEIVABLES

Intergovernmental receivables at June 30, 2008 consisted of taxes, intergovernmental grants, reimbursements and interest. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental activities

Due from federal government

School food service	\$ 447,930
Special Projects	
Title I	732,945
IDEA	525,263
Preschool handicapped	16,638
Occupational education	111,891
Drug free schools	26,121
Adult education	19,258
Other special revenue programs	<u>193,371</u>
Total due from federal government	<u>2,073,417</u>

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

NOTE 3 - RECEIVABLES, (Continued)

Due from state agencies	
General fund	238,186
Other special revenue programs	<u>13,621</u>
Total due from state agencies	<u>251,807</u>
Total governmental activities	<u><b>\$ 2,325,224</b></u>

Receivables for property taxes are reported net of the allowance for uncollectible accounts. Taxes receivable are net of allowances of \$59,781 and \$25,585 in the General fund and Debt Service fund, respectively, at June 30, 2008. Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2008, deferred revenue related to property taxes reported in the governmental funds totaled \$1,068,426 and \$392,119 in the general and debt service funds, respectively.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	<u>Balance, July 1, 2007</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance, June 30, 2008</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 10,370,972	\$ 13,200	\$ -	\$ 10,384,172
Construction-in-progress	<u>36,269,371</u>	<u>44,172,501</u>	<u>22,271,271</u>	<u>58,170,601</u>
Total capital assets, not being depreciated	<u>46,640,343</u>	<u>44,185,701</u>	<u>22,271,271</u>	<u>68,554,773</u>
Capital assets, being depreciated				
Buildings and improvements	238,044,847	21,087,449	-	259,132,296
Furniture and equipment	9,034,627	2,505,201	156,253	11,383,575
Library books	<u>478,188</u>	<u>-</u>	<u>-</u>	<u>478,188</u>
Total capital assets, being depreciated	<u>247,557,662</u>	<u>23,592,650</u>	<u>156,253</u>	<u>270,994,059</u>
Totals at historical cost	<u>294,198,005</u>	<u>67,778,351</u>	<u>22,427,524</u>	<u>339,548,832</u>
Less accumulated depreciation				
Buildings and improvements	55,013,865	5,124,553	-	60,138,418
Furniture and equipment	6,068,451	1,136,573	106,009	7,099,015
Library books	<u>286,653</u>	<u>48,208</u>	<u>-</u>	<u>334,861</u>
Total accumulated depreciation	<u>61,368,969</u>	<u>6,309,334</u>	<u>106,009</u>	<u>67,572,294</u>
Total net capital assets, being depreciated	<u>186,188,693</u>	<u>17,283,316</u>	<u>50,244</u>	<u>203,421,765</u>
<b>Governmental activities capital assets, net</b>	<u><b>\$ 232,829,036</b></u>	<u><b>\$ 61,469,017</b></u>	<u><b>\$ 22,321,515</b></u>	<u><b>\$ 271,976,538</b></u>

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

NOTE 4 - CAPITAL ASSETS, (Continued)

	Balance, July 1, 2007	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2008
<b>Business-type activities</b>				
Improvements	\$ 132,967	\$ -	\$ -	\$ 132,967
Furniture and equipment	<u>3,642,625</u>	<u>138,845</u>	<u>31,183</u>	<u>3,750,288</u>
	<u>3,775,592</u>	<u>138,845</u>	<u>31,183</u>	<u>3,883,255</u>
Less accumulated depreciation				
Improvements	75,690	5,954	-	81,644
Furniture and equipment	<u>2,110,565</u>	<u>250,686</u>	<u>26,469</u>	<u>2,334,783</u>
Total accumulated depreciation	<u>2,186,255</u>	<u>256,640</u>	<u>26,469</u>	<u>2,416,427</u>
<b>Business-type activities capital assets, net</b>	<u><b>\$ 1,589,337</b></u>	<u><b>\$ (117,795)</b></u>	<u><b>\$ 4,714</b></u>	<u><b>\$ 1,466,828</b></u>

Included in the construction-in-progress is equipment acquired under the capital lease totaling \$15,916,103 at June 30, 2008 (see Note 5).

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,951,735
Support services	<u>2,357,599</u>
Total depreciation expense	<u><b>\$ 6,309,334</b></u>

NOTE 5 - CAPITAL LEASE OBLIGATION (ENERGY MANAGEMENT EQUIPMENT)

On September 29, 2006, the School District entered into an agreement to finance the lease purchase of certain energy management equipment. The agreement requires principal payments currently totaling \$10,241,466 over the remaining term of the lease at an interest cost of 3.98%. The lease term ends on October 27, 2023. Under the agreement, the School District is required to make payments each year, as follows:

2009	\$ 1,039,424
2010	776,877
2011	796,302
2012	816,206
2013	836,609
Thereafter	<u>9,966,002</u>
	14,231,420
Less interest	<u>(3,989,954)</u>
Total principal payments	<u><b>\$ 10,241,466</b></u>

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

**NOTE 6 - LONG-TERM DEBT**

Changes in long-term obligations for the year ended June 30, 2008 were as follows:

	Principal outstanding July 1, 2007	Additions	Reductions	Principal outstanding June 30, 2008	Amounts due in one year
<b>Governmental activities</b>					
General obligation bonds					
October 1, 2000	\$ 7,000,000	\$ -	\$ 1,000,000	\$ 6,000,000	\$ 1,250,000
November 1, 2001	28,800,000	-	100,000	28,700,000	100,000
February 1, 2002	2,850,000	-	2,850,000	-	-
September 1, 2003	37,000,000	-	1,000,000	36,000,000	3,500,000
June 15, 2004	3,750,000	-	1,000,000	2,750,000	2,750,000
November 15, 2005	22,035,000	-	165,000	21,870,000	670,000
November 15, 2005	17,410,000	-	5,230,000	12,180,000	3,765,000
March 14, 2007	<u>63,000,000</u>	<u>-</u>	<u>-</u>	<u>63,000,000</u>	<u>940,000</u>
Total general obligation bonds	181,845,000	-	11,345,000	170,500,000	12,975,000
Unamortized bond premiums	<u>3,293,065</u>	<u>-</u>	<u>301,310</u>	<u>2,991,755</u>	<u>299,718</u>
Total bonds payable	185,138,065	-	11,646,310	173,491,755	13,274,718
Capital lease obligations	10,344,843	-	103,377	10,241,466	1,039,424
Compensated absences	<u>478,482</u>	<u>117,706</u>	<u>37,785</u>	<u>558,403</u>	<u>132,015</u>
Total governmental activities general long-term debt	<u>\$ 195,961,390</u>	<u>\$ 117,706</u>	<u>\$ 11,787,472</u>	<u>\$ 184,291,624</u>	<u>\$ 14,446,157</u>

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

General obligation bonds consist of the following at June 30, 2008:

<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding at June 30, 2008</u>
October 1, 2000	5.00	Mar./Sept.	2012	\$ 10,000,000	\$ 6,000,000
November 1, 2001	3.00 - 5.00	Mar./Sept.	2017	32,500,000	28,700,000
February 1, 2002	4.00 - 5.00	Mar./Sept.	2008	22,590,000	-
September 1, 2003	4.25 - 5.00	Mar./Sept.	2016	42,500,000	36,000,000
June 15, 2004	3.00 - 3.25	Mar./Sept.	2009	5,500,000	2,750,000
November 15, 2005	4.00 - 5.00	Mar./Sept.	2025	23,000,000	21,870,000
November 15, 2005	4.00	Mar./Sept.	2011	23,015,000	12,180,000
March 14, 2007	3.25 - 5.00	Mar./Sept.	2023	<u>63,000,000</u>	<u>63,000,000</u>
				<u>\$ 222,105,000</u>	<u>\$ 170,500,000</u>

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2008, including interest payments over the life of the debt, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 12,975,000	\$ 7,798,411	\$ 20,773,411
2010	12,480,000	7,252,035	19,732,035
2011	11,900,000	6,702,835	18,602,835
2012	11,330,000	6,160,285	17,490,285
2013-2017	52,890,000	22,664,270	75,554,270
2018-2022	22,360,000	13,643,925	36,003,925
2023-2027	24,100,000	7,815,350	31,915,350
2028-2032	22,465,000	3,246,513	25,711,513
	<u><b>\$ 170,500,000</b></u>	<u><b>\$ 75,283,624</b></u>	<u><b>\$ 245,783,624</b></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 School District voting in a referendum will not be considered in the computation of the 8% limitation. As of June 30, 2008, the remaining debt margin available to the School District was \$18,643,803.

During the current fiscal year no general obligation bonds were issued. During 2007, the School District issued \$63,000,000 in bonds, including \$55,000,000 under a \$92,000,000 bond referendum approved in April 2005 and \$8,000,000 under the 8% debt margin limitation. The School District has not yet issued the \$17,000,000 remaining under the 2005 bond referendum.

**NOTE 7 - FUND BALANCES AND NET ASSETS**

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

***Governmental fund financial statements***

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

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

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



ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

NOTE 7 - FUND BALANCES AND NET ASSETS, (Continued)

*Government-wide and proprietary fund financial statements*

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

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

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

NOTE 8 - TRANSFERS IN/OUT AND INTERFUND RECEIVABLES/PAYABLES

During the course of normal operations, the School District has transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reflected as transfers. Funds are transferred into the general fund from other funds to cover Education Improvement Act raises for teachers, indirect costs for federal programs and the required Medicaid match. Funds are transferred from the general fund into special projects funds for future innovative board designated projects and staff development. Funds are transferred from the general fund to the capital projects and debt service fund for capital needs for each school. Funds are transferred from the general fund to the food service fund for reimbursement of fringe-related costs. Funds are transferred into the pupil activity fund from the general fund for support of student extra-curricular activities. Total transfers during the year ended June 30, 2008 consisted of the following individual fund amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,393,621	\$ 1,729,686
Education Improvement Act Fund	-	3,167,797
Capital Projects Fund	834,892	-
Pupil Activity Fund	341,388	-
Food Service Fund	430,649	-
Debt Service Fund	478,217	-
Special Projects Fund	<u>600,972</u>	<u>182,256</u>
	<u>\$ 5,079,739</u>	<u>\$ 5,079,739</u>

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

**NOTE 8 - TRANSFERS IN/OUT AND INTERFUND RECEIVABLES/PAYABLES, (Continued)**

Interfund balances are comprised of expenditures paid on behalf of the special projects fund, education improvement act fund, debt service fund, capital projects fund, food service fund and the agency fund by the general fund and are to be repaid. As of June 30, 2008, amounts due from (to) other funds related to the School District's pooled cash are as follows:

	General fund	Special projects	Education Improvement Act	Debt service	Capital projects	Food service	Agency fund	Total
Due from special projects	\$ -	\$ -	\$ 237,831	\$ -	\$ -	\$ -	\$ -	\$ 237,831
Due from general fund	-	-	585,218	546,217	3,634,939	501,253	713,201	5,980,828
	-	-	823,049	546,217	3,634,939	501,253	713,201	6,218,659
Due to Education Improvement Act	(585,218)	(237,831)	-	-	-	-	-	(823,049)
Due to debt service	(546,217)	-	-	-	-	-	-	(546,217)
Due to capital projects	(3,634,939)	-	-	-	-	-	-	(3,634,939)
Due to food service	(501,253)	-	-	-	-	-	-	(501,253)
Due to agency fund	(713,201)	-	-	-	-	-	-	(713,201)
	(5,980,828)	(237,831)	-	-	-	-	-	(6,218,659)
	<u>\$ (5,980,828)</u>	<u>\$ (237,831)</u>	<u>\$ 823,049</u>	<u>\$ 546,217</u>	<u>\$ 3,634,939</u>	<u>\$ 501,253</u>	<u>\$ 713,201</u>	<u>\$ -</u>

**NOTE 9 - ARBITRAGE REBATE**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. As of June 30, 2008, there were no amounts outstanding for arbitrage rebates.

**IV. OTHER INFORMATION**

**NOTE 10 - RETIREMENT BENEFITS**

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

**NOTE 10 - RETIREMENT BENEFITS, (Continued)**

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the South Carolina Code of Laws. Employees are required to contribute 6.5% of their annual covered salary, and the School District is required to contribute at an actuarially determined rate. The current rate is 9.06% of annual covered payroll. In addition, the School District contributes .15% of payroll to a group life insurance benefit for their participants and 3.42% for retiree health coverage. The School District's contributions to the System, including group life insurance and retiree health coverage, for the years ended June 30, 2008, 2007 and 2006 were \$7,873,760, \$9,182,999 and \$7,767,965, respectively, which are equal to the required contributions.

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

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

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.06% plus the retiree surcharge of 3.42% from the employer in fiscal year 2008.

Certain of the School District's employees have elected to be covered under optional retirement plans. Total contribution requirements (excluding the surcharge) for the years ended June 30, 2008, 2007 and 2006 to the ORP were \$241,770, \$149,042 and \$120,486, respectively, from the School District as employer. All amounts were remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

**NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

**NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (Continued)**

**Funding Policies** - Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by state general fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.42% and 3.35% of annual covered payroll for 2008 and 2007, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The District paid approximately \$3,179,799 and \$2,848,389 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2008 and 2007, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2008 and 2007.

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

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

**NOTE 12 - DEFERRED COMPENSATION/SALARY DEFERRAL PLAN**

The School District employees may participate in the 457 and/or 401(k) defined contribution deferred compensation plans available to state and local governmental employees through the state public employee retirement system. These programs are administered by a state approved nongovernmental third party. Contributions by employees under these plans totaled \$854,050 for the year ended June 30, 2008.

**NOTE 13 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the School District carries commercial insurance. During the year ended June 30, 2008, the School District obtained its general liability, workers' compensation, and property insurance through the South Carolina School Boards Insurance Trust (the "Trust") which represents 69 South Carolina school districts joined together in a public entity risk pool. The School District pays an annual premium to the Trust for its general liability, workers' compensation and property insurance. The agreement for formation of the Trust provides that the Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event.

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

NOTE 13 - RISK MANAGEMENT, (Continued)

Prior to July 1, 1978, school districts in South Carolina were exempt from unemployment taxes. Effective July 1, 1978, school districts were no longer exempted from these taxes. As a result, the School District established a limited risk management program for unemployment compensation. The School District reimburses the South Carolina Employment Security Commission for actual claims paid attributable to service in the employ of the School District. Claims paid during the year ended June 30, 2008 were \$53,997 and were reported in the General Fund. No separate liability for unemployment claims has been established due to the insignificant amounts of the expenditures.

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

NOTE 14 - COMMITMENTS

In April 2005, a \$92,000,000 bond referendum was approved by the voters of York County. \$20,000,000 in bonds was issued in 2005. \$55,000,000 in bonds was issued in 2007. The proceeds of the \$92,000,000 bond referendum is being used to finance the cost of constructing two new elementary schools, a middle school, various expansions and renovations, improvements at existing schools and land purchases.

In connection with this project and other construction projects, several construction contract commitments exist at June 30, 2008 and are summarized as follows:

Building construction on new elementary schools	\$ 1,964,604
Building construction on new middle school	<u>1,158,931</u>
	<u><b>\$ 3,123,535</b></u>

The School District has entered into a new noncancellable operating lease for office equipment beginning in March 2008. The lease requires a minimum monthly payment of \$17,772 for a term of 60 months expiring in February 2013. It is anticipated that similar leases will be continued when this lease expires. Rental expense for the year ended June 30, 2008 was \$110,764.

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

2009	\$ 213,264
2010	213,264
2011	213,264
2012	213,264
2013	195,492

NOTE 15 - CONTINGENCIES

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

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

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

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

NOTE 16 - SUBSEQUENT EVENTS

The School District issued \$12,500,000 in General Obligation Bond Anticipation Notes, Series 2008 on November 18, 2008. The bond anticipation notes will be payable as to interest and mature on October 1, 2009.

NOTE 17 - NEW ACCOUNTING PRONOUNCEMENTS AND OTHER MATTERS

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, will be effective for the School District beginning with its year ending June 30, 2009. This Statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

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

# Required Supplementary Information

# GENERAL FUND



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

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



ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2008

Schedule I

	Original	Final	Actual	Variance with Final Budget
REVENUES				
1000 Revenue from local sources				
1100 Taxes				
1110 Ad valorem taxes - including delinquent	\$ 29,818,588	\$ 29,818,588	\$ 27,617,691	\$ (2,200,897)
1140 Penalties and interest on taxes	-	-	978,505	978,505
1200 Revenue from local government units other than LEA's				
1210 Ad valorem taxes - including delinquent	8,500,000	8,500,000	7,446,167	(1,053,833)
1240 Penalties and interest on taxes	-	-	151,292	151,292
1280 Revenue in lieu of taxes	-	-	2,245,624	2,245,624
1300 Tuition				
1310 From patrons for regular day school	20,400	20,400	4,842	(15,558)
1500 Earnings on investments				
1510 Interest on investments	500,000	500,000	1,301,042	801,042
1900 Other revenue from local sources				
1910 Rentals	425,000	425,000	59,663	(365,337)
1990 Miscellaneous local revenue				
1993 Receipt of insurance proceeds	-	-	3,728	3,728
1999 Revenue from other local sources	-	-	53,369	53,369
Total local sources	39,263,988	39,263,988	39,861,924	597,935
2000 Intergovernmental revenue				
2100 Payments from other governmental units	-	-	250,000	250,000
Total intergovernmental revenue	-	-	250,000	250,000
3000 Revenue from state sources				
3100 Restricted state grants				
3130 Special programs				
3131 Handicapped transportation	-	-	9,128	9,128
3160 School bus driver's salary	683,895	683,895	792,881	108,986
3162 Worker's comp revenue	-	-	50,797	50,797
3165 EEDA transportation	-	-	3,216	3,216
3180 Fringe benefits employer contributions	12,284,200	12,284,200	12,422,131	137,931
3181 Retiree insurance	1,687,410	1,687,410	1,858,910	171,500
3199 Other restricted state grants	-	-	300	300
Total restricted state grants	14,655,505	14,655,505	15,137,363	481,858
3300 Education Finance Act				
3310 Full-time programs				
3311 Kindergarten	3,082,568	3,082,568	3,170,882	88,314
3312 Primary	8,686,475	8,686,475	8,527,998	(158,477)
3313 Elementary	13,368,963	13,368,963	10,543,812	(2,825,151)
3314 High school	6,274,031	6,274,031	6,210,860	(63,171)
3315 Trainable mentally handicapped	113,083	113,083	185,623	72,540
3316 Speech handicapped (Part-time program)	1,340,247	1,340,247	2,014,331	674,084
3317 Homebound	79,577	79,577	172,095	92,518
3320 Part-time programs				
3321 Emotionally handicapped	138,213	138,213	223,831	85,618
3322 Educable mentally handicapped	100,519	100,519	136,533	36,014
3323 Learning disabilities	3,643,796	3,643,796	5,021,273	1,377,477
3324 Hearing handicapped	79,577	79,577	160,795	81,218
3325 Visually handicapped	41,883	41,883	82,942	41,059
3326 Orthopedically handicapped	62,824	62,824	98,476	35,652
3327 Vocational	4,741,123	4,741,123	4,842,243	101,120
3330 Other EFA programs				
3331 Autism	129,836	129,836	262,684	132,848
Total Education Finance Act	41,882,715	41,882,715	41,654,378	(228,337)

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2008

Schedule 1

	Original	Final	Actual	Variance with Final Budget
REVENUES, Continued				
3000 Revenue from state sources				
3800 State revenue in lieu of taxes				
3810 Reimbursement for local residential property tax relief	5,991,204	5,991,204	5,991,204	-
3820 Homestead exemption	1,682,096	1,682,096	1,710,186	28,090
3825 Reimbursement for property tax relief	12,957,189	12,957,189	14,751,903	1,794,714
3830 Merchant's inventory tax	243,005	243,005	243,005	-
3840 Manufacturer's depreciation reimbursement	1,069,833	1,069,833	1,016,789	(53,044)
3890 Other state property tax revenues	-	-	121,762	121,762
Total state revenue in lieu of taxes	21,943,327	21,943,327	23,834,849	1,891,522
Total state sources	78,481,547	78,481,547	80,626,590	2,145,043
Total revenue all sources	117,745,535	117,745,535	120,738,514	2,992,978
EXPENDITURES				
100 Instruction				
110 General instruction				
111 Kindergarten programs				
100 Salaries	4,378,617	4,381,522	4,200,119	181,403
200 Employee benefits	1,365,445	1,365,668	1,332,220	33,448
300 Purchased services	1,500	91,534	91,284	250
400 Supplies and materials	104,880	103,458	83,121	20,337
	5,850,442	5,942,182	5,706,744	235,438
112 Primary programs				
100 Salaries	11,815,980	11,832,787	11,483,107	349,680
200 Employee benefits	3,517,723	3,518,177	3,411,183	106,994
300 Purchased services	85,940	306,104	304,805	1,299
400 Supplies and materials	166,292	163,347	156,668	6,679
600 Other objects	-	57	57	-
	15,585,935	15,820,472	15,355,820	464,652
113 Elementary programs				
100 Salaries	17,811,456	17,824,479	17,645,844	178,635
200 Employee benefits	5,281,735	5,282,419	5,202,488	79,931
300 Purchased services	66,187	422,056	414,510	7,546
400 Supplies and materials	283,872	282,880	289,249	(6,369)
500 Capital outlay	11,250	21,432	18,810	2,622
600 Other objects	2,819	653	828	(175)
	23,457,319	23,833,919	23,571,729	262,190
114 High school programs				
100 Salaries	11,904,721	11,892,482	11,754,266	138,216
140 Terminal leave	-	-	2,930	(2,930)
200 Employee benefits	3,358,347	3,358,809	3,354,256	4,553
300 Purchased services	177,648	387,456	378,299	9,157
400 Supplies and materials	337,697	310,566	307,115	3,451
500 Capital outlay	-	6,086	6,084	2
600 Other objects	2,197	4,247	4,422	(175)
	15,780,610	15,959,646	15,807,372	152,274
115 Vocational programs				
100 Salaries	2,119,438	2,120,563	2,095,622	24,941
200 Employee benefits	627,572	627,658	615,011	12,647
300 Purchased services	12,800	49,607	57,151	(7,544)
400 Supplies and materials	149,010	139,780	121,941	17,839
500 Capital outlay	59,600	69,471	69,007	464
600 Other objects	2,300	2,450	2,450	-
	2,970,720	3,009,529	2,961,182	48,347
Total general instruction	63,645,026	64,565,749	63,402,847	1,162,901

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2008

Schedule I

		Original	Final	Actual	Variance with Final Budget
EXPENDITURES, Continued					
100 Instruction, continued					
120 Exceptional programs					
121 Educable mentally handicapped					
100 Salaries		366,544	367,054	367,611	(557)
200 Employee benefits		103,933	103,972	104,344	(372)
300 Purchased services		-	6,548	6,548	-
400 Supplies and materials		2,330	2,262	2,259	3
600 Other objects		216	-	-	-
		<u>473,023</u>	<u>479,836</u>	<u>480,762</u>	<u>(926)</u>
122 Trainable mentally handicapped					
100 Salaries		334,495	334,855	352,841	(17,986)
200 Employee benefits		91,044	91,072	93,987	(2,915)
300 Purchased services		-	9,981	9,981	-
400 Supplies and materials		651	660	660	-
		<u>426,190</u>	<u>436,568</u>	<u>457,469</u>	<u>(20,901)</u>
123 Orthopedically handicapped					
100 Salaries		78,827	78,827	61,690	17,137
200 Employee benefits		18,803	18,803	15,716	3,087
300 Purchased services		-	1,573	1,573	-
		<u>97,630</u>	<u>99,203</u>	<u>78,979</u>	<u>20,224</u>
124 Visually handicapped					
100 Salaries		55,017	55,017	55,017	-
200 Employee benefits		17,814	17,814	18,042	(228)
300 Purchased services		800	681	681	-
		<u>73,631</u>	<u>73,512</u>	<u>73,740</u>	<u>(228)</u>
125 Hearing handicapped					
100 Salaries		143,173	143,333	143,026	307
200 Employee benefits		41,487	41,499	41,295	204
300 Purchased services		-	7,621	7,621	-
		<u>184,660</u>	<u>192,453</u>	<u>191,942</u>	<u>511</u>
126 Speech handicapped					
100 Salaries		123,650	128,582	127,253	1,329
200 Employee benefits		39,342	40,342	37,115	3,227
400 Supplies and materials		4,500	4,500	4,499	1
		<u>167,492</u>	<u>173,424</u>	<u>168,867</u>	<u>4,557</u>
127 Learning disabilities					
100 Salaries		2,392,862	2,404,977	2,396,175	8,802
200 Employee benefits		691,143	693,522	689,935	3,587
300 Purchased services		480	24,895	24,895	-
400 Supplies and materials		14,115	13,938	13,324	614
		<u>3,098,600</u>	<u>3,137,332</u>	<u>3,124,329</u>	<u>13,003</u>
128 Emotionally handicapped					
100 Salaries		194,753	194,918	193,918	1,000
200 Employee benefits		58,514	58,526	57,131	1,395
300 Purchased services		-	2,960	2,960	-
400 Supplies and materials		1,498	1,396	1,380	16
600 Other objects		193	-	-	-
		<u>254,958</u>	<u>257,800</u>	<u>255,389</u>	<u>2,411</u>
Total exceptional programs		<u>4,776,184</u>	<u>4,850,128</u>	<u>4,831,477</u>	<u>18,651</u>
130 Pre-school programs					
133 Pre-school handicapped self-contained (5 yr. olds)					
100 Salaries		201,640	201,640	201,647	(7)
200 Employee benefits		61,649	61,649	67,102	(5,453)
300 Purchased services		-	5,841	5,841	-
		<u>263,289</u>	<u>269,130</u>	<u>274,590</u>	<u>(5,460)</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2008

Schedule I

		Original	Final	Actual	Variance with Final Budget
EXPENDITURES, Continued					
100 Instruction, continued					
130 Pre-school programs, continued					
137 Preschool handicapped self-contained (3 and 4 yr. olds)					
100 Salaries		50,061	50,061	44,978	5,083
200 Employee benefits		16,751	16,751	17,734	(983)
300 Purchased services		-	593	593	-
		<u>66,812</u>	<u>67,405</u>	<u>63,305</u>	<u>4,100</u>
139 Early childhood programs					
100 Salaries		208,428	208,428	198,376	10,052
200 Employee benefits		56,259	56,259	44,994	11,265
300 Purchased services		-	2,018	2,018	-
400 Supplies and materials		9,160	9,160	9,551	(391)
		<u>273,847</u>	<u>275,865</u>	<u>254,939</u>	<u>20,926</u>
Total pre-school programs		<u>603,948</u>	<u>612,400</u>	<u>592,834</u>	<u>19,566</u>
140 Special programs					
141 Gifted and talented academic					
100 Salaries		-	180	3,863	(3,683)
200 Employee benefits		-	14	788	(774)
		<u>-</u>	<u>194</u>	<u>4,651</u>	<u>(4,457)</u>
145 Homebound					
100 Salaries		280,000	280,000	239,297	40,703
200 Employee benefits		58,828	58,828	50,119	8,709
300 Purchased services		8,400	7,350	3,606	3,744
		<u>347,228</u>	<u>346,178</u>	<u>293,022</u>	<u>53,156</u>
150 District Wide General/Exceptional					
100 Salaries		40,000	4,137	-	4,137
200 Employee benefits		8,112	-	-	-
		<u>48,112</u>	<u>4,137</u>	<u>-</u>	<u>4,137</u>
Total special programs		<u>395,340</u>	<u>350,509</u>	<u>297,673</u>	<u>52,836</u>
160 Other exceptional programs					
161 Autism					
100 Salaries		218,556	218,711	219,316	(605)
200 Employee benefits		63,918	63,930	65,125	(1,195)
300 Purchased services		-	1,001	1,001	-
400 Supplies and materials		1,000	1,000	1,000	-
		<u>283,474</u>	<u>284,642</u>	<u>286,442</u>	<u>(1,800)</u>
Total other exceptional programs		<u>283,474</u>	<u>284,642</u>	<u>286,442</u>	<u>(1,800)</u>
170 Summer School Programs					
172 Elementary Summer School					
100 Salaries		-	-	47,504	(47,504)
200 Employee benefits		-	-	9,156	(9,156)
400 Supplies and materials		-	-	8,242	(8,242)
Total summer school programs		<u>-</u>	<u>-</u>	<u>64,902</u>	<u>(64,902)</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2008

Schedule 1

		Original	Final	Actual	Variance with Final Budget
	EXPENDITURES, (Continued)				
100	Instruction, (continued)				
180	Adult/continuing educational programs				
181	Adult basic education programs				
100	Salaries	82,966	83,276	86,867	(3,591)
200	Employee benefits	26,029	26,052	25,801	251
300	Purchased services	1,000	1,000	500	500
400	Supplies and materials	6,503	6,503	4,134	2,369
600	Other objects	975	975	385	590
		<u>117,473</u>	<u>117,806</u>	<u>117,687</u>	<u>119</u>
188	Parenting/Family literacy				
100	Salaries	98,935	98,935	73,506	25,429
200	Employee benefits	32,318	32,318	25,951	6,367
300	Purchased services	15,000	15,000	14,962	38
400	Supplies and materials	14,070	14,070	12,741	1,329
		<u>160,323</u>	<u>160,323</u>	<u>127,160</u>	<u>33,163</u>
	Total adult/continuing educational programs	<u>277,796</u>	<u>278,129</u>	<u>244,847</u>	<u>33,282</u>
	Total instruction	<u>69,981,768</u>	<u>70,941,557</u>	<u>69,721,022</u>	<u>1,220,534</u>
200	Support services				
210	Pupil services				
211	Attendance and social work services				
100	Salaries	492,904	493,264	491,796	1,468
200	Employee benefits	155,112	155,140	151,753	3,387
300	Purchased services	12,445	12,900	12,800	100
400	Supplies and materials	7,386	7,793	7,085	708
600	Other objects	775	775	491	284
		<u>668,622</u>	<u>669,872</u>	<u>663,925</u>	<u>5,947</u>
212	Guidance services				
100	Salaries	2,367,997	2,369,512	2,376,398	(6,886)
200	Employee benefits	661,403	661,519	659,490	2,029
300	Purchased services	5,114	10,169	10,259	(90)
400	Supplies and materials	31,388	29,110	28,123	987
600	Other objects	1,739	620	620	-
		<u>3,067,641</u>	<u>3,070,930</u>	<u>3,074,890</u>	<u>(3,960)</u>
213	Health services				
100	Salaries	374,663	375,053	373,858	1,195
200	Employee benefits	108,938	108,967	109,929	(962)
300	Purchased services	11,215	49,859	43,790	6,069
400	Supplies and materials	31,505	32,556	28,622	3,934
600	Other objects	1,150	1,306	1,306	-
		<u>527,471</u>	<u>567,741</u>	<u>557,505</u>	<u>10,236</u>
214	Psychological services				
100	Salaries	625,696	625,696	621,370	4,326
200	Employee benefits	166,986	166,986	162,214	4,772
300	Purchased services	21,000	244	243	1
400	Supplies and materials	3,000	3,210	3,210	-
		<u>816,682</u>	<u>796,136</u>	<u>787,037</u>	<u>9,099</u>
216	Vocational placement services				
100	Salaries	121,264	121,294	128,044	(6,750)
200	Employee benefits	35,491	35,494	36,643	(1,149)
300	Purchased services	20,625	18,375	11,443	6,932
400	Supplies and materials	4,187	6,437	6,196	241
600	Other objects	200	200	197	3
		<u>181,767</u>	<u>181,800</u>	<u>182,523</u>	<u>(723)</u>
	Total pupil services	<u>5,262,183</u>	<u>5,286,479</u>	<u>5,265,880</u>	<u>20,599</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2008

Schedule 1

		Original	Final	Actual	Variance with Final Budget
EXPENDITURES, Continued					
200 Support services, continued					
220 Instructional staff services					
221 Improvement of instruction - curriculum development					
100 Salaries		1,573,754	1,563,247	1,551,786	11,461
200 Employee benefits		422,630	422,691	429,598	(6,907)
300 Purchased services		277,091	264,482	275,661	(11,179)
400 Supplies and materials		170,901	180,501	258,530	(78,029)
500 Capital outlay		12,000	13,716	4,046	9,670
600 Other objects		100,700	109,413	104,497	4,916
		<u>2,557,076</u>	<u>2,554,050</u>	<u>2,624,118</u>	<u>(70,068)</u>
222 Library and media services					
100 Salaries		1,645,430	1,645,955	1,575,432	70,523
200 Employee benefits		465,330	465,370	447,820	17,550
300 Purchased services		1,832	18,379	18,229	150
400 Supplies and materials		169,416	164,267	162,682	1,585
500 Capital outlay		3,730	3,990	3,990	-
600 Other objects		100	25	25	-
		<u>2,285,838</u>	<u>2,297,986</u>	<u>2,208,178</u>	<u>89,808</u>
223 Supervision of special programs					
100 Salaries		565,870	566,497	571,365	(4,868)
140 Terminal leave		-	-	2,190	(2,190)
200 Employee benefits		156,515	156,563	157,441	(878)
300 Purchased services		15,375	19,912	17,151	2,761
400 Supplies and materials		68,356	62,040	60,189	1,851
500 Capital outlay		6,750	11,854	11,854	-
600 Other objects		1,500	1,178	289	889
		<u>814,366</u>	<u>818,044</u>	<u>820,479</u>	<u>(2,435)</u>
224 Improvement of instruction - inservice and staff training					
100 Salaries		-	-	667	(667)
200 Employee benefits		-	-	140	(140)
300 Purchased services		42,127	31,057	25,591	5,466
400 Supplies and materials		19,620	32,277	32,279	(2)
500 Capital outlay		14,800	197	197	-
		<u>76,547</u>	<u>63,531</u>	<u>58,874</u>	<u>4,657</u>
Total instructional staff services		<u>5,733,827</u>	<u>5,733,611</u>	<u>5,711,649</u>	<u>21,962</u>
230 General administration services					
231 Board of Education					
100 Salaries		44,400	44,400	44,400	-
200 Employee benefits		74,328	74,328	61,303	13,025
300 Purchased services		210,080	214,059	206,565	7,494
318 Audit services		-	-	43,400	(43,400)
400 Supplies and materials		1,900	900	762	138
600 Other objects		16,700	13,721	11,660	2,061
		<u>347,408</u>	<u>347,408</u>	<u>368,090</u>	<u>(20,682)</u>
232 Office of the superintendent					
100 Salaries		289,522	289,522	292,258	(2,736)
200 Employee benefits		76,912	76,912	73,688	3,224
300 Purchased services		10,675	15,765	15,952	(187)
400 Supplies and materials		11,250	11,250	12,611	(1,361)
600 Other objects		81,150	82,731	79,593	3,138
		<u>469,509</u>	<u>476,180</u>	<u>474,102</u>	<u>2,078</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2008

Schedule 1

		Original	Final	Actual	Variance with Final Budget
EXPENDITURES, Continued					
200	Support services, continued				
230	General administration services, continued				
233	School administration				
100	Salaries	6,868,033	6,875,206	6,679,726	195,480
140	Terminal leave	-	-	14,010	(14,010)
200	Employee benefits	2,002,910	2,003,459	2,006,279	(2,820)
300	Purchased services	223,865	235,857	216,529	19,328
400	Supplies and materials	264,360	284,294	275,656	8,638
500	Capital outlay	13,424	8,089	6,976	1,113
600	Other objects	17,707	17,865	16,580	1,285
		<u>9,390,299</u>	<u>9,424,770</u>	<u>9,215,756</u>	<u>209,014</u>
	Total general administration services	<u>10,207,216</u>	<u>10,248,358</u>	<u>10,057,948</u>	<u>190,410</u>
250	Finance and operations services				
252	Fiscal services				
100	Salaries	758,535	758,870	766,944	(8,074)
140	Terminal leave	-	-	8,621	(8,621)
200	Employee benefits	206,372	206,398	211,216	(4,818)
300	Purchased services	104,454	104,454	80,682	23,772
400	Supplies and materials	52,500	52,500	89,083	(36,583)
500	Capital outlay	2,500	2,500	3,696	(1,196)
600	Other objects	2,750	2,750	3,125	(375)
		<u>1,127,111</u>	<u>1,127,472</u>	<u>1,163,367</u>	<u>(35,895)</u>
254	Operation and maintenance of plant				
100	Salaries	5,026,941	5,027,466	4,995,585	31,881
140	Terminal leave	-	-	960	(960)
200	Employee benefits	1,667,218	1,667,258	1,632,540	34,718
321	Public utilities	4,511,509	4,511,509	4,267,951	243,558
400	Supplies and materials	5,620,071	5,569,180	6,117,218	(548,038)
500	Capital outlay	30,771	84,901	168,649	(83,748)
600	Other objects	6,600	6,600	12,354	(5,754)
		<u>16,863,110</u>	<u>16,866,914</u>	<u>17,195,257</u>	<u>(328,343)</u>
255	Student transportation				
100	Salaries	2,187,250	2,187,910	2,079,844	108,066
200	Employee benefits	836,890	836,940	724,012	112,928
300	Purchased services	57,240	60,533	60,174	359
400	Supplies and materials	23,351	21,170	21,218	(48)
500	Capital outlay	8,880	11,851	11,093	758
600	Other objects	14,400	10,317	15,163	(4,846)
		<u>3,128,011</u>	<u>3,128,721</u>	<u>2,911,504</u>	<u>217,217</u>
257	Internal services				
100	Salaries	250,611	250,611	254,005	(3,394)
200	Employee benefits	77,946	77,946	77,321	625
300	Purchased services	256,198	253,675	177,080	76,595
400	Supplies and materials	2,600	2,600	3,144	(544)
600	Other objects	579	579	582	(3)
		<u>587,934</u>	<u>585,411</u>	<u>512,132</u>	<u>73,279</u>
258	Security				
100	Salaries	171,791	171,791	171,827	(36)
200	Employee benefits	41,933	41,933	39,173	2,760
300	Purchased services	343,699	343,764	402,047	(58,283)
400	Supplies and materials	-	-	1,043	(1,043)
		<u>557,423</u>	<u>557,488</u>	<u>614,090</u>	<u>(56,602)</u>
	Total finance and operations services	<u>22,263,589</u>	<u>22,266,006</u>	<u>22,396,350</u>	<u>(130,344)</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2008

Schedule I

		Original	Final	Actual	Variance with Final Budget
EXPENDITURES, (Continued)					
200	Support services, (continued)				
260	Central support services				
262	Planning, research, development and evaluation				
100	Salaries	424,806	431,767	433,496	(1,729)
200	Employee benefits	119,684	119,684	121,922	(2,238)
300	Purchased services	87,090	73,755	49,307	24,448
400	Supplies and materials	47,000	36,650	31,537	5,113
500	Capital outlay	15,000	31,002	17,117	13,885
600	Other objects	2,000	2,000	2,052	(52)
		<u>695,580</u>	<u>694,858</u>	<u>655,431</u>	<u>39,427</u>
263	Information services				
100	Salaries	110,243	110,243	112,268	(2,025)
200	Employee benefits	27,837	27,837	27,953	(116)
300	Purchased services	25,250	19,250	18,433	817
400	Supplies and materials	4,200	4,200	4,126	74
600	Other objects	11,700	17,700	18,017	(317)
		<u>179,230</u>	<u>179,230</u>	<u>180,797</u>	<u>(1,567)</u>
264	Staff services				
100	Salaries	1,130,623	1,116,223	1,095,679	20,544
200	Employee benefits	397,764	397,886	395,090	2,796
300	Purchased services	1,144,203	106,532	104,653	1,879
400	Supplies and materials	29,524	35,326	33,683	1,643
500	Capital outlay	4,000	9,402	9,402	-
600	Other objects	1,200	951	951	-
		<u>2,707,314</u>	<u>1,666,320</u>	<u>1,639,458</u>	<u>26,862</u>
266	Technology and data processing services				
100	Salaries	398,139	402,576	418,455	(15,879)
200	Employee benefits	107,883	107,922	115,296	(7,374)
300	Purchased services	35,300	66,086	66,152	(66)
400	Supplies and materials	71,000	24,644	24,663	(19)
500	Capital outlay	15,067	26,706	26,712	(6)
		<u>627,389</u>	<u>627,934</u>	<u>651,278</u>	<u>(23,344)</u>
	Total central support services	<u>4,209,513</u>	<u>3,168,342</u>	<u>3,126,964</u>	<u>41,377</u>
270	Support services pupil activity				
271	Pupil services activities				
300	Purchased Services	40,000	40,000	40,000	-
600	Other objects	122,332	136,075	143,516	(7,441)
660	Pupil activity	-	-	398,290	(398,290)
		<u>162,332</u>	<u>176,075</u>	<u>581,806</u>	<u>(405,731)</u>
	Total support services pupil activity	<u>162,332</u>	<u>176,075</u>	<u>581,806</u>	<u>(405,731)</u>
	Total support services	<u>47,838,660</u>	<u>46,878,871</u>	<u>47,140,598</u>	<u>(261,728)</u>
300	Community services				
390	Other community services				
100	Salaries	97,330	83,291	83,882	(591)
200	Employee benefits	21,651	21,651	21,723	(72)
300	Purchased services	28,973	38,484	38,915	(431)
400	Supplies and materials	25,500	27,428	26,724	704
500	Capital outlay	-	2,600	2,626	(26)
600	Other objects	180	180	30	150
		<u>173,634</u>	<u>173,634</u>	<u>173,900</u>	<u>(266)</u>
	Total community services	<u>173,634</u>	<u>173,634</u>	<u>173,900</u>	<u>(266)</u>



ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the fiscal year ended June 30, 2008

Schedule 1

	Original	Final	Actual	Variance with Final Budget
EXPENDITURES, (Continued)				
400 Other charges				
410 Intergovernmental expenditures				
412 Payments to other governmental units				
720 Transits	145,000	145,000	105,191	39,809
416 Payments to public charter schools				
720 Transits	121,700	121,700	125,264	(3,564)
Total intergovernmental expenditures	266,700	266,700	230,455	36,245
Total expenditures	118,260,762	118,260,762	117,265,975	994,786
Excess (deficiency) of revenues over (under) expenditures	(515,227)	(515,227)	3,472,539	3,987,764
OTHER FINANCING SOURCES (USES)				
5220 Transfer from special revenue fund	-	-	5,612	5,612
5230 Transfer from special revenue EIA fund	2,207,554	2,207,554	2,211,366	3,812
5280 Transfer from other funds indirect costs	-	-	176,643	176,643
421-710 Transfer to special revenue fund	(942,362)	(942,362)	(942,362)	-
424-710 Transfer to school building fund	(356,675)	(356,675)	(356,675)	-
425-710 Transfer to food service fund	-	-	(430,649)	(430,649)
426-710 Transfer to pupil activity fund	(393,290)	(393,290)	-	393,290
Total other financing sources (uses)	515,227	515,227	663,935	148,708
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	4,136,474	\$ 4,136,474
FUND BALANCE, JULY 1, 2007			19,133,030	
FUND BALANCE, JUNE 30, 2008			\$ 23,269,504	

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

# Combining and Individual Fund Schedules

# SPECIAL PROJECTS FUND



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

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

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

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

ROCK HILL SCHOOL DISTRICT THREE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

Schedule A-1

	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
<b>REVENUES</b>									
1000 Revenue from local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,708	\$ 296,708
1300 Tuition	-	-	-	-	-	-	-	41,085	41,085
1310 Regular day school from patrons	-	-	-	-	-	-	-	-	-
1350 Summer school tuition	-	-	-	-	-	-	-	-	-
1900 Other revenue from local sources	-	-	-	-	-	36,412	-	-	36,412
1920 Contributions and donations private sources	-	-	-	-	-	-	-	481,208	481,208
1930 Medicaid	-	-	-	-	-	-	-	1,844,633	1,844,633
1999 Revenue from other local sources	-	-	-	-	-	-	-	-	-
Total local sources	-	-	-	-	-	36,412	-	2,663,634	2,700,046
2000 Intergovernmental revenue	-	-	-	-	-	-	-	-	-
2300 Payments from nonprofit entities	-	-	-	-	-	-	-	42,937	42,937
Total intergovernmental revenue	-	-	-	-	-	-	-	42,937	42,937
3000 Revenue from state sources	-	-	-	-	-	-	-	-	-
3110 Occupational education	-	-	-	-	-	-	-	-	-
3116 EEDA - misc.	-	-	-	-	-	-	7,187	-	7,187
3117 EEDA 8th grade career awareness	-	-	-	-	-	-	18,162	-	18,162
3118 EEDA career specialist	-	-	-	-	-	-	439,799	-	439,799
3120 General education	-	-	-	-	-	-	-	-	-
3123 Formative assessment	-	-	-	-	-	-	6,007	-	6,007
3126 Refurbishment of K-8 science kits	-	-	-	-	-	-	35,234	-	35,234
3127 Student health and fitness	-	-	-	-	-	-	147,046	-	147,046
3128 High schools that work	-	-	-	-	-	-	20,399	-	20,399
3130 Special programs	-	-	-	-	-	-	-	-	-
3136 Student health and fitness - nurses	-	-	-	-	-	-	628,799	-	628,799
3150 Adult education	-	-	-	-	-	-	-	-	-
3151 Basic	-	-	-	-	-	-	-	-	-
3154 Young adult education	-	-	-	-	-	29,310	-	-	29,310
3190 Miscellaneous restricted state grants	-	-	-	-	-	-	26,954	-	26,954
3193 Education license plates	-	-	-	-	-	-	-	-	-
3199 Other restricted state grants	-	-	-	-	-	-	3,250	-	3,250
3600 Education lottery act revenue	-	-	-	-	-	-	-	25,649	25,649
3606 K-5 mathematics and science coaching unit	-	-	-	-	-	-	-	-	-
3610 K-5 enhancement	-	-	-	-	-	-	42,671	-	42,671
3699 Other state lottery programs	-	-	-	-	-	-	976,084	-	976,084
Other state revenue	-	-	-	-	-	-	15,205	-	15,205
3900	-	-	-	-	-	-	-	-	-
3991 ADEPT	-	-	-	-	-	-	35,950	-	35,950
3993 Special funding allocation for School Library Media Centers	-	-	-	-	-	-	15,305	-	15,305
Total state sources	-	-	-	-	-	29,310	2,418,052	25,649	2,473,011

ROCK HILL SCHOOL DISTRICT THREE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

Schedule A-1

	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
REVENUES, Continued									
4000 Revenue from federal sources									
4200 Occupational education									
4210 Vocational aid, Title I	-	-	-	248,204	-	-	-	-	248,204
4300 Elementary and Secondary Education Act of 1965									
4310 Title I									
4331 Enhancing education through technology, Title II	3,286,678	-	-	-	-	-	-	59,400	3,346,078
4340 Innovative Education Program Strategies, Title VI	-	-	-	-	-	-	-	38,829	38,829
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-	-	-	-	-	-	28,135	28,135
4351 Improving teacher quality	-	-	-	-	-	-	-	99,726	99,726
4400 Adult education	-	-	-	-	-	-	-	589,114	589,114
4410 Basic	-	-	-	-	-	100,292	-	-	100,292
4500 Programs for children with disabilities									
4510 Individuals with Disabilities Education Act (IDEA)	-	3,331,224	-	-	-	-	-	40,784	3,372,008
4520 Pre-school grants	-	-	108,100	-	-	-	-	-	108,100
4900 Other federal sources									
4920 Drug and violence prevention, Title IV	-	-	-	-	57,636	-	-	-	57,636
4999 Revenues from other federal sources	-	-	-	-	-	-	-	191,267	191,267
Total federal sources	3,286,678	3,331,224	108,100	248,204	57,636	100,292	-	1,047,255	8,179,389
Total revenue all sources	3,286,678	3,331,224	108,100	248,204	57,636	166,014	2,418,052	3,779,475	13,395,383

ROCK HILL SCHOOL DISTRICT THREE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

Schedule A-1

EXPENDITURES									
Instruction									
100	110	General instruction							
	111	Kindergarten programs							
	100	Salaries	-	-	-	-	-	-	78,094
	200	Employee benefits	-	-	-	-	-	-	28,368
	300	Purchased services	-	-	-	-	-	-	3,460
	400	Supplies and materials	-	-	-	-	-	-	2,972
Primary programs									
112	100	Salaries	1,277,617	-	-	-	-	-	3,038,489
	200	Employee benefits	349,988	-	-	-	-	-	740,335
	300	Purchased services	99,775	-	-	-	-	-	154,131
	400	Supplies and materials	101,583	-	-	-	-	-	274,540
	500	Capital outlay	62,759	-	-	-	-	-	64,070
	600	Other objects	163	-	-	-	-	-	568
Elementary programs									
113	100	Salaries	154,230	-	-	-	-	-	829,136
	200	Employee benefits	60,599	-	-	-	-	-	260,827
	300	Purchased services	500	-	-	-	-	-	46,247
	400	Supplies and materials	-	-	-	-	-	-	114,958
	500	Capital outlay	-	-	-	-	-	-	10,449
High school programs									
114	100	Salaries	-	-	-	-	-	-	310,004
	200	Employee benefits	-	-	-	-	-	-	37,413
	300	Purchased services	-	-	-	-	-	-	27,641
	400	Supplies and materials	-	-	-	-	-	-	136,213
	500	Capital outlay	-	-	-	-	-	-	56,559
Vocational programs									
115	100	Salaries	-	-	-	-	-	-	87,153
	200	Employee benefits	-	-	-	-	-	-	20,449
	400	Supplies and materials	-	-	-	-	-	-	23,806
	500	Capital outlay	-	-	-	-	-	-	13,281
	600	Other objects	-	-	-	-	-	-	5,000
Exceptional programs									
120	121	Educable mentally handicapped							
	100	Salaries	-	-	-	-	-	-	164,043
	200	Employee benefits	-	-	-	-	-	-	58,703
	300	Purchased services	-	-	-	-	-	-	5,513

ROCK HILL SCHOOL DISTRICT THREE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

Schedule A-1

EXPENDITURES, Continued		Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	*Other Special Revenue Programs	Total
100	Instruction, continued									
120	Exceptional programs, continued									
122	Trainable mentally handicapped									
100	Salaries	-	338,757	*	-	-	-	110	21,874	360,741
200	Employee benefits	-	126,038	*	-	-	-	23	10,246	136,307
300	Purchased services	-	7,164	*	-	-	-	-	173	7,337
400	Supplies and materials	*	-	-	-	-	-	-	2,924	2,924
123	Orthopedically handicapped									
100	Salaries	-	54,951	*	-	-	-	-	-	54,951
200	Employee benefits	-	14,934	*	-	-	-	-	-	14,934
300	Purchased services	-	3,782	-	-	-	-	-	-	3,782
400	Supplies and materials	-	-	*	-	-	-	-	97	97
124	Visually handicapped									
100	Salaries	-	41,954	*	-	-	-	-	-	41,954
200	Employee benefits	-	15,953	-	-	-	-	-	-	15,953
300	Purchased services	-	869	-	-	-	-	-	-	869
125	Hearing handicapped									
100	Salaries	-	58,616	-	-	-	-	-	-	58,616
200	Employee benefits	-	23,100	*	-	-	-	-	-	23,100
300	Purchased services	-	518	*	-	-	-	-	-	518
126	Speech handicapped									
100	Salaries	-	441,966	49,804	-	-	-	660	145,099	637,529
200	Employee benefits	-	130,589	15,278	-	-	-	139	34,804	180,810
400	Supplies and materials	-	-	-	-	-	-	-	640	640
127	Learning disabilities									
100	Salaries	-	640,337	-	-	-	-	1,320	2,460	644,117
200	Employee benefits	-	184,121	-	-	-	-	277	500	184,898
300	Purchased services	-	10,843	*	-	-	-	-	-	10,843
400	Supplies and materials	-	-	*	-	-	-	-	910	910
128	Emotionally handicapped									
100	Salaries	-	104,940	-	-	-	-	220	2,472	107,632
200	Employee benefits	-	28,057	-	-	-	-	46	400	28,503
300	Purchased services	-	1,904	-	-	-	-	-	-	1,904

ROCK HILL SCHOOL DISTRICT THREE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
EXPENDITURES, Continued									
100 Instruction, continued									
130 Pre-school programs									
133 Pre-school handicapped self-contained (5 yr. olds)									
100 Salaries	-	20,332	-	-	-	-	-	-	20,332
200 Employee benefits	-	4,396	-	-	-	-	-	-	4,396
300 Purchased services	-	642	-	-	-	-	-	-	642
137 Pre-school handicapped self-contained (3 & 4 yr. olds)									
100 Salaries	-	22,791	28,587	-	-	-	220	3,830	55,428
200 Employee benefits	-	8,513	11,774	-	-	-	46	673	21,005
300 Purchased services	-	1,156	-	-	-	-	-	-	1,156
400 Supplies and materials	-	-	-	-	-	-	-	(263)	(263)
140 Special programs									
141 Gifted and talented academic									
100 Salaries	-	-	-	-	-	-	220	-	220
200 Employee benefits	-	-	-	-	-	-	46	-	46
160 Other exceptional programs									
161 Autism									
100 Salaries	-	49,404	-	-	-	-	-	25,864	75,268
200 Employee benefits	-	14,655	-	-	-	-	-	11,773	26,428
300 Purchased services	-	3,119	-	-	-	-	-	1,228	4,347
170 Summer school programs									
173 High school summer school									
100 Salaries	-	-	-	-	-	-	-	33,968	33,968
200 Employee benefits	-	-	-	-	-	-	-	6,410	6,410
400 Supplies and materials	-	-	-	-	-	-	-	696	696
180 Adult/continuing educational programs									
181 Adult basic education programs									
100 Salaries	-	-	-	-	-	63,198	-	20,817	84,015
200 Employee benefits	-	-	-	-	-	15,725	-	5,535	21,260
300 Purchased services	-	-	-	-	-	704	-	979	1,683
400 Supplies and materials	-	-	-	-	-	10,067	-	-	10,067
500 Capital outlay	-	-	-	-	-	-	-	3,277	3,277
182 Adult Secondary Education Programs									
100 Salaries	-	-	-	-	-	15,144	9,542	9,692	34,377
200 Employee benefits	-	-	-	-	-	5,010	-	1,188	6,198
300 Purchased services	-	-	-	-	-	2,432	-	67,445	69,877
400 Supplies and materials	-	-	-	-	-	10,006	-	6,567	16,573
500 Capital outlay	-	-	-	-	-	3,276	-	-	3,276



ROCK HILL SCHOOL DISTRICT THREE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

EXPENDITURES, Continued		Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
100	Instruction, continued									
180	Adult/continuing educational programs, continued									
183	Adult English Literacy (ESL)									
100	Salaries	-	-	-	-	-	10,450	-	-	10,450
200	Employee benefits	-	-	-	-	-	1,123	-	-	1,123
400	Supplies and materials	-	-	-	-	-	4,500	-	-	4,500
188	Parenting/Family literacy									
100	Salaries	111,929	-	-	-	-	-	-	40,815	152,744
200	Employee benefits	42,980	-	-	-	-	-	-	15,976	58,956
300	Purchased services	227	-	-	-	-	-	-	4,016	4,243
400	Supplies and materials	40,848	-	-	-	-	-	-	-	40,848
	Total instruction	2,303,198	2,582,394	105,443	35,906	-	141,635	1,226,653	3,491,272	9,886,500
200	Support services									
210	Pupil services									
211	Attendance and social work services	-	-	-	-	-	-	-	1,500	1,500
300	Purchased services									
212	Guidance services									
100	Salaries	-	-	-	143,260	23,125	-	335,785	-	502,170
200	Employee benefits	-	-	-	40,439	5,138	-	104,014	-	149,591
300	Purchased services	-	-	-	-	2,027	-	375	-	2,402
400	Supplies and materials	-	-	-	-	236	-	24,974	852	26,062
213	Health services									
100	Salaries	-	400,480	-	-	-	-	483,929	48,440	932,849
200	Employee benefits	-	112,391	-	-	-	-	144,871	10,177	267,439
400	Supplies and materials	-	-	-	-	-	-	-	241	241
214	Psychological services									
100	Salaries	-	94,821	-	-	-	-	-	-	94,821
200	Employee benefits	-	17,510	-	-	-	-	-	-	17,510
400	Supplies and materials	-	-	-	-	-	-	-	471	471
215	Exceptional program services									
300	Purchased services	-	-	-	-	-	-	-	56,869	56,869
216	Vocational placement services									
100	Salaries	-	-	-	2,494	-	-	-	35,540	38,034
200	Employee benefits	-	-	-	524	-	-	-	8,885	9,409
300	Purchased services	-	-	-	-	-	-	-	3,393	3,393
400	Supplies and materials	-	-	-	1,883	-	-	-	2,341	4,224

ROCK HILL SCHOOL DISTRICT THREE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue Programs	Total
EXPENDITURES, Continued									
200 Support services, continued									
220 Instructional staff services									
221 Improvement of instruction - curriculum development									
300 Purchased services	-	-	-	-	-	-	-	2,356	45,027
400 Supplies and materials	-	-	-	-	-	-	-	2,574	2,574
222 Library and media									
400 Supplies and materials	-	-	-	-	-	-	15,304	243	15,547
223 Supervision of special programs									
100 Salaries	65,092	-	-	-	1,380	-	14,600	122,970	204,042
200 Employee benefits	15,809	-	-	-	288	-	1,847	28,531	46,475
300 Purchased services	272,209	-	-	-	3,492	3,500	965	8,643	288,809
400 Supplies and materials	116,597	37,910	-	6,705	1,734	-	-	8,694	171,640
500 Capital outlay	4,197	3,932	-	-	-	-	-	1,311	9,440
224 Improvement of instruction - inservice and staff training									
100 Salaries	336,735	-	-	-	-	-	1,210	157,376	495,321
200 Employee benefits	85,711	-	-	-	-	-	254	25,901	111,866
300 Purchased services	-	-	-	3,649	-	-	22,186	479,912	505,747
400 Supplies and materials	-	-	-	-	-	-	4,293	15,404	19,697
233 School administration									
100 Salaries	-	-	-	-	-	-	-	49,823	49,823
200 Employee benefits	-	-	-	-	-	-	-	10,081	10,081
300 Purchased services	-	-	-	-	-	-	-	5,682	5,682
400 Supplies and materials	-	-	-	-	-	-	-	3,694	3,694
250 Finance and operations services									
253 Facilities acquisition and construction									
300 Purchased services	-	-	-	-	-	-	-	2,797	2,797
400 Supplies and materials	-	-	-	-	-	-	-	9,017	9,017
500 Capital outlay	-	-	-	-	-	-	-	176	176
254 Operation and maintenance of plant									
300 Purchased services	-	-	-	-	-	-	-	2,909	2,909
400 Supplies and materials	-	-	-	-	-	-	-	6,023	6,023
500 Capital outlay	-	-	-	-	-	-	-	14,151	14,151
255 State transportation (state mandated)									
100 Salaries	-	-	-	-	-	-	-	16,463	16,463
200 Employee benefits	-	-	-	-	-	-	-	2,675	2,675
258 Security									
300 Purchased services	-	-	-	-	18,798	-	-	-	18,798

ROCK HILL SCHOOL DISTRICT THREE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	*Other Special Revenue Programs	Total
EXPENDITURES, Continued									
200 Support services, continued									
260 Central support services									
264 Staff services									
100 Salaries	-	-	-	-	-	-	-	19,110	19,110
200 Employee benefits	-	-	-	-	-	-	-	8,120	8,120
400 Supplies and materials	-	-	-	-	-	-	-	2,573	2,573
500 Capital outlay	-	-	-	-	-	-	-	11,998	11,998
266 Technology and data processing services									
500 Capital outlay	-	-	-	-	-	-	-	5,600	5,600
270 Support services - pupil activity									
271 Pupil service activities									
400 Supplies and materials	7,989	-	-	7,500	-	-	-	4,868	4,868
600 Other objects								30,556	46,045
Total support services	904,339	667,044	-	206,454	56,218	3,500	1,197,279	1,228,940	4,263,774
300 Community services									
390 Other community services									
100 Salaries	-	-	-	-	-	-	-	43,125	43,125
200 Employee benefits	-	-	-	-	-	-	-	11,644	11,644
Total community services	-	-	-	-	-	-	-	54,769	54,769
410 Intergovernmental activities									
411 Payments to State Department of Education									
720 Transits	-	-	-	-	-	-	-	143,282	143,282
Total intergovernmental	-	-	-	-	-	-	-	143,282	143,282
Total expenditures	3,207,537	3,249,438	105,443	242,360	56,218	145,135	2,423,932	4,918,263	14,348,325
Other financing sources (uses)									
Interfund transfers from (to) other funds									
420 710 Transfer to general fund (exclude indirect costs)	-	-	-	-	-	-	-	(5,612)	(5,612)
5210 Transfer from general fund	(79,143)	(81,787)	(2,657)	(5,844)	(1,417)	(2,304)	-	600,972	600,972
431-791 Special revenue fund indirect costs								(3,492)	(176,644)
Total other financing sources (uses)	(79,143)	(81,787)	(2,657)	(5,844)	(1,417)	(2,304)	-	591,868	418,716
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-	-	18,574	(5,880)	(546,920)	(534,226)
FUND BALANCES, JULY 1, 2007	-	-	-	-	-	51,852	5,880	1,150,859	1,208,591
FUND BALANCES, JUNE 30, 2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,426	\$ -	\$ 603,939	\$ 674,365

ROCK HILL SCHOOL DISTRICT THREE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

* Adult Education		* Other Restricted State Grants		* Other Special Revenue Programs	
243	Adult Ed. - Federal	908	Refurbish Science Kits	213	Personnel Development
292	Adult Ed. - Contributions	916	ADEPT	214	Group Homes
918	Adult Ed. - Basic	919	Education License Plates	225	Mathematics and Science Partnership
921	Career Readiness Initiative	920	Young Adult Ed.	235	Foundation Grants
		928	EEDA Career Specialists	241	Title V
		937	Student Health and Fitness	244	Eisenhower Professional Development
		938	Making Middle Grades Work	250	Goals 2000 - Educate America
		945	High School Literacy	252	Charter School Plan/Implementation Grant
		960	K-5 Enhancement	253	Enhancing Education Through Technology
		967	6-8 Middle School Enhancement	264	Language Instruction Title III
		969	Mathematics and Science Coaching	267	Improving Teacher Quality
				273	CTEC
				274	Writer's Express Summer
				278	School Technology Two-Way Interactive Video
				280	Medicaid
				290	DHEC Solid Waste Grant
				291	Attendance Make-Up
				293	Critical Needs
				294	FA Recovery
				295	ROTC
				298	ATC House Project
				801	After School Program
				802	Sylvia Circle Tuition
				815	Carroll School
				822	Extended School Year
				824	TIF Funded Projects
				825	Virtual High School
				826	Summer School High School
				827	JSCG Grant
				829	EIC Team Grant
				830	SCEENS/EIC - NFWF - EPA
				832	Professional Development
				833	Arts in Education- Northside
				834	Career Readiness Initiative
				835	DHEC Solid Waste Grants
				837	EEDA Implementation - York
				838	Rock Hill Adult and Communication
				839	SC Arts Commission - AIE/CM
				840	CTEC Programs
				843	EEDA - York Technical College
				844	Attendance Improvement Project
				845	SAT Improvement
				849	Arts Council of Rock Hill
				852	Extended School Year
				853	Adult Ed. - WIA Youth
				856	Foreign Language Assessment Program
				870	First Steps Parent Smart Grant
				871	ParentSmart Project
				875	SC Alliance for Children
				877	Success by Six Resource
				878	Palmetto Youth Connection
				880	Profoundly Mentally Disabled
				890	Winthrop Program
				896	Emergency Response Plans

ROCK HILL SCHOOL DISTRICT THREE  
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

Schedule A-2

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue Fund Unearned Revenue
908	3126	Refurbishment of K-8 Science Kits	\$ 35,234	\$ 35,234	\$ -
916	3991	ADEPT	35,950	35,950	-
918	3151	Basic	20,350	20,350	-
919	3193	Education License Plates	3,250	9,129	-
920	3154	Young Adult Education	26,954	26,954	-
921	3151	Basic	8,960	8,960	1,066
926	3116	EEDA - Misc	7,187	7,187	373
927	3117	EEDA 8th Grade Career Awareness	18,162	18,162	1,208
928	3118	EEDA Career Specialist	439,799	439,799	88,387
933	3123	Formative Assessment	6,007	6,007	35,993
936	3136	Student Health and Fitness - Nurses	628,799	628,799	-
937	3127	Student Health and Fitness - PE Teachers	147,046	147,046	33,607
938	3128	High Schools That Work	20,399	20,399	16,802
939	3993	Special funding allocation for School Library Media Centers	15,305	15,305	-
960	3610	K-5 Enhancement	976,084	976,084	-
967	3607	K-5 Mathematics and science coaching unit	42,671	42,671	21,566
969	3699	Other State Lottery Programs	15,205	15,205	7,554

ROCK HILL SCHOOL DISTRICT THREE  
COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
EDUCATION IMPROVEMENT ACT FUND  
For the fiscal year ended June 30, 2008

Schedule A-3

	<u>Total</u>
REVENUES	
1000 Revenue from local sources	
1300 Tuition	
1350 Tuition from patrons for summer school	\$ 515
Total local sources	<u>515</u>
3000 Revenue from state sources	
3100 Restricted state funding	
3161 Bus driver salary and fringe	26,058
3500 Education Improvement Act:	
3501 Increase high school diploma requirements	538,990
3505 School technology initiative	211,904
3509 Arts in Education	20,000
3513 Parenting/Family Literacy	107,587
3515 Advanced Placement Courses	59,236
3517 Advanced Placement - Singleton (subfund 315)	5,000
3520 Gifted and Talented - Academic	583,420
3522 Gifted and Talented - Artistic	88,085
3523 Junior Scholars Program	1,531
2525 Career and technology education equipment	225,743
3527 Critical Teaching Needs	5,925
3530 Trainable and Profoundly Mentally Disabled Student Services	50,443
3532 National board certification salary supplement	1,777,177
3533 Teacher of the Year Awards	1,077
3534 Professional Development on Standards	71,152
3535 Institute of Reading	50,000
3540 Early Childhood Program	492,983
3542 Pre-school programs with children with disabilities	48,052
3546 Academic Assistance K-3	1,441,107
3548 Academic Assistance 4-12	999,831
3549 Academic Assistance Reading Recovery	263,233
3550 Teacher Salary Increase	1,838,515
3553 Adult Education - Remedial	13,126
3555 School Employer Contributions	372,851
3562 Adult education - basic	195,422
3564 Adult education - young adult initiative	60,369
3565 Young adult literacy	50,000
3568 EAA technical assistance	352,932
3575 Competitive teacher grants	42,000
3577 Teacher Supplies	347,050
3578 High schools that work	945
3582 Principal's Salary/Fringe Increase	74,645
3583 EAA Summer School / Comprehensive Remediation	852,975
3588 EAA palmetto gold and silver awards	1,150
3590 Reallocation of EIA funds	956,433
3591 Excellence in middle schools	82,000
3592 School-to-work transition	88,563
3593 EAA reduce class sizes grades 1-3	681,635
3596 EAA alternative schools programs	124,676
3599 Other EIA	<u>1,000</u>
Total state sources	<u>13,204,821</u>
Total revenue all sources	<u>13,205,336</u>

ROCK HILL SCHOOL DISTRICT THREE  
COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
EDUCATION IMPROVEMENT ACT FUND  
For the fiscal year ended June 30, 2008

Schedule A-3

EXPENDITURES		Total
100	Instruction	
110	General instruction	
111	Kindergarten programs	
100	Salaries	44,863
200	Employee Benefits	9,098
400	Supplies and materials	21,925
		<u>75,886</u>
112	Primary programs	
100	Salaries	1,339,137
200	Employee benefits	383,835
300	Purchased services	45,868
400	Supplies and materials	258,433
500	Capital outlay	4,962
600	Other objects	240
		<u>2,032,475</u>
113	Elementary programs	
100	Salaries	1,413,838
200	Employee benefits	376,550
300	Purchased services	99,117
400	Supplies and materials	260,472
500	Capital outlay	44,327
		<u>2,194,304</u>
114	High school programs	
100	Salaries	1,444,837
200	Employee benefits	411,058
300	Purchased Services	9,147
400	Supplies and materials	86,492
		<u>1,951,534</u>
115	Vocational programs	
100	Salaries	72,589
200	Employee benefits	18,354
300	Purchased services	328
400	Supplies and materials	115,092
500	Capital outlay	123,971
		<u>330,334</u>
120	Exceptional programs	
121	Educable mentally handicapped	
100	Salaries	16,000
200	Employee benefits	3,119
		<u>19,119</u>

ROCK HILL SCHOOL DISTRICT THREE  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2008

Schedule A-3

EXPENDITURES, Continued		Total
100	Instruction, continued	
120	Exceptional programs, continued	
122	Trainable mentally handicapped	
100	Salaries	33,999
200	Employee benefits	13,418
300	Purchased services	3,026
		<u>50,443</u>
125	Hearing handicapped	
100	Salaries	7,500
200	Employee benefits	1,521
		<u>9,021</u>
127	Learning disabilities	
100	Salaries	256,787
200	Employee benefits	56,370
300	Purchased services	2,543
		<u>315,700</u>
130	Pre-school programs	
137	Pre-school handicapped self-contained (3 and 4 year olds)	
100	Salaries	35,598
200	Employee benefits	12,385
300	Purchased services	69
		<u>48,052</u>
139	Early childhood programs	
100	Salaries	357,006
200	Employee benefits	109,104
300	Purchased services	8,459
400	Supplies and materials	18,413
		<u>492,982</u>
140	Special programs	
141	Gifted and talented - academic	
100	Salaries	469,975
200	Employee benefits	126,997
300	Purchased services	1,211
400	Supplies and materials	3,279
		<u>601,462</u>
143	Advanced placement	
400	Supplies and materials	63,715
		<u>63,715</u>



ROCK HILL SCHOOL DISTRICT THREE  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2008

Schedule A-3

EXPENDITURES, Continued		Total
		<hr/>
100	Instruction, continued	
140	Special programs, continued	
148	Gifted and talented - artistic	
300	Purchased services	59,195
400	Supplies and materials	<hr/> 800
		<hr/> 59,995
149	Other special programs	
100	Salaries	97,863
200	Employee benefits	26,330
300	Purchased services	<hr/> 483
		<hr/> 124,676
160	Other exceptional programs	
161	Autism	
100	Salaries	5,290
200	Employee benefits	<hr/> 1,073
		<hr/> 6,363
170	Summer school program	
171	Primary summer school	
100	Salaries	14,161
200	Employee benefits	2,896
300	Purchased services	5,580
400	Supplies and materials	<hr/> 814
		<hr/> 23,451
172	Elementary summer school	
100	Salaries	93,135
200	Employee benefits	18,246
300	Purchased services	2,089
400	Supplies and materials	16,005
500	Capital outlay	<hr/> 1,425
		<hr/> 130,900
180	Adult/continuing educational programs	
181	Adult basic education programs	
300	Purchased services	2,499
400	Supplies and materials	9,301
500	Capital outlay	<hr/> 3,277
		<hr/> 15,077

ROCK HILL SCHOOL DISTRICT THREE  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2008

Schedule A-3

EXPENDITURES, Continued		Total
		<hr/>
100	Instruction, continued	
180	Adult/continuing educational programs, continued	
182	Adult secondary education programs	
100	Salaries	39,835
200	Employee benefits	7,766
300	Purchased services	3,259
400	Supplies and materials	14,765
500	Capital outlay	3,277
		<hr/>
		68,902
183	Adult English literacy	
300	Purchased services	372
400	Supplies and materials	709
		<hr/>
		1,081
187	Adult education - remedial	
100	Salaries	10,340
200	Employee benefits	2,786
		<hr/>
		13,126
188	Parenting/family literacy	
100	Salaries	75,908
200	Employee benefits	23,855
300	Purchased services	4,118
400	Supplies and materials	3,707
		<hr/>
		107,588
	Total instruction	<hr/>
		8,736,186
200	Support services	
210	Pupil services	
212	Guidance services	
100	Salaries	191,940
200	Employee benefits	45,863
400	Supplies and materials	9,900
		<hr/>
		247,703
220	Instructional staff services	
221	Improvement of instruction - curriculum development	
100	Salaries	750
200	Employee benefits	158
300	Purchased services	148,851
		<hr/>
		149,759

ROCK HILL SCHOOL DISTRICT THREE  
COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
EDUCATION IMPROVEMENT ACT FUND  
For the fiscal year ended June 30, 2008

Schedule A-3

EXPENDITURES, Continued		Total
200	Support services, continued	
220	Instructional staff services, continued	
222	Library and media	
100	Salaries	37,500
200	Employee benefits	7,605
400	Supplies and materials	13,475
		<u>58,580</u>
223	Supervision of special programs	
100	Salaries	317,235
200	Employee benefits	85,770
300	Purchased services	7,308
400	Supplies and materials	7,717
500	Capital outlay	2,782
600	Other objects	140
		<u>420,952</u>
224	Improvement of instruction - inservice and staff training	
100	Salaries	26,370
200	Employee benefits	5,515
300	Purchased services	81,272
400	Supplies and materials	1,589
		<u>114,746</u>
230	General administration services	
233	School administration	
100	Salaries	74,645
		<u>74,645</u>
250	Finance and operations services	
251	Student transportation	
600	Other objects	273
		<u>273</u>
254	Operation and maintenance of plant	
300	Purchased services	778
		<u>778</u>
255	Student transportation	
100	Salaries	16,877
200	Employee benefits	2,835
300	Purchased services	2,103
		<u>21,815</u>
260	Central support services	
264	Staff services	
100	Salaries	826
200	Employee benefits	174
		<u>1,000</u>

ROCK HILL SCHOOL DISTRICT THREE  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2008

Schedule A-3

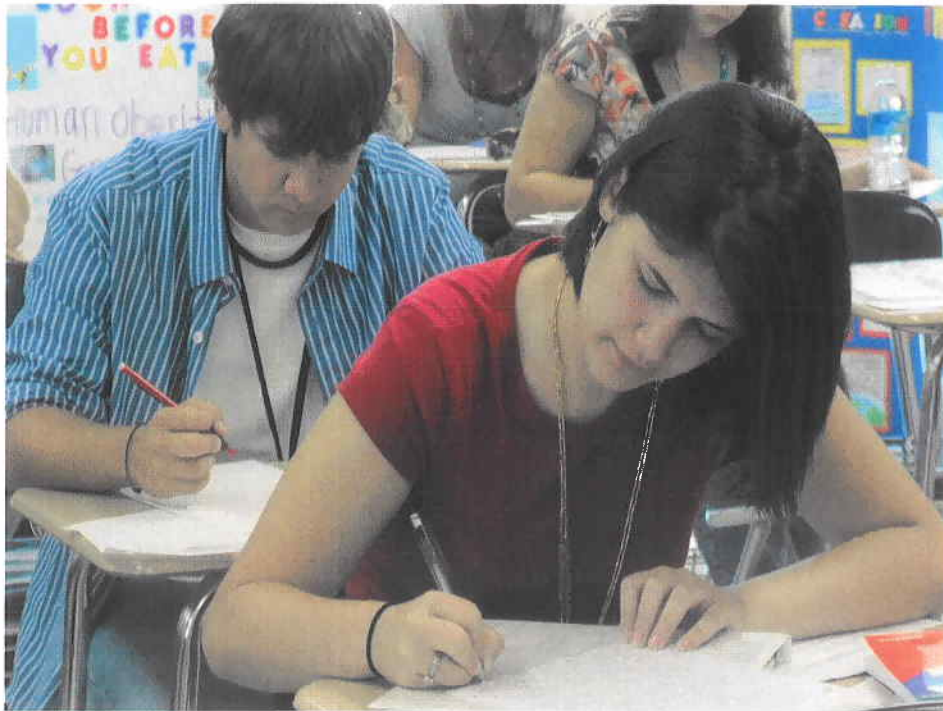
EXPENDITURES, Continued		<u>Total</u>
200	Support services, continued	
266	Technology and data processing services	
300	Purchased services	300
400	Supplies and materials	32,594
500	Capital outlay	<u>170,959</u>
		<u>203,853</u>
270	Support services - pupil activity	
271	Pupil services activities	
600	Other objects	<u>7,249</u>
		<u>7,249</u>
	Total support services	<u>1,301,353</u>
	Total expenditures	<u>10,037,539</u>
OTHER FINANCING USES		
Interfund transfers (to) from other funds		
420-710	Transfer to general fund	(2,211,366)
423-710	Transfer to debt service fund	(478,214)
424-710	Transfer to school building fund	<u>(478,217)</u>
	Total other financing uses	<u>(3,167,797)</u>
	Excess of revenues over expenditures and other financing uses	-
FUND BALANCE, JULY 1, 2007		<u>-</u>
FUND BALANCE, JUNE 30, 2008		<u>\$ -</u>

ROCK HILL SCHOOL DISTRICT THREE  
SUMMARY SCHEDULE BY PROGRAM  
EDUCATION IMPROVEMENT ACT  
For the fiscal year ended June 30, 2008

Schedule A-4

Program		Revenues	Expenditures	Fund Transfers In (Out)	EIA Fund Unearned Revenue
3500	Education Improvement Act				
3501	Increase high school diploma requirements	\$ 538,990	\$ 927,174	\$ 388,184	\$ 69,373
3505	School technology initiative	211,904	211,904	-	72,090
3509	Arts in Education	20,000	20,000	-	-
3513	Parenting/Family Literacy	107,587	107,587	-	24,704
3515	Advanced Placement Courses	59,236	59,236	-	-
3517	Advanced Placement - Singleton (subfund 315)	5,000	5,000	-	-
3520	Gifted and Talented - Academic	583,420	583,420	-	-
3522	Gifted and Talented - Artistic	88,085	88,085	-	70,393
3523	Junior Scholars Program	1,531	1,531	-	-
2525	Career and technology education equipment	225,743	225,743	-	-
3527	Critical Teaching Needs	5,925	5,925	-	-
3530	Trainable and Profoundly Mentally Disabled Student Services	50,443	50,443	-	-
3532	National board certification salary supplement	1,777,177	1,777,177	-	-
3533	Teacher of the Year Awards	1,077	1,077	-	-
3534	Professional Development on Standards	71,152	71,152	-	68,925
3535	Institute of Reading	50,000	50,000	-	-
3540	Early Childhood Program	492,983	492,983	-	187,305
3542	Pre-school programs with children with disabilities	48,052	48,052	-	9,751
3546	Academic Assistance K-3	1,441,107	1,030,935	(410,172)	-
3548	Academic Assistance 4-12	999,831	1,410,003	410,172	-
3549	Academic Assistance Reading Recovery	263,233	263,233	-	97,614
3550	Teacher Salary Increase	1,838,515	-	(1,838,515)	-
3553	Adult Education - Remedial	13,126	13,126	-	-
3555	School Employer Contributions	372,851	-	(372,851)	-
3562	Adult education - basic	195,422	195,422	-	51,790
3564	Adult education - young adult initiative	60,369	60,369	-	57,059
3565	Young adult literacy	50,000	50,000	-	-
3568	EAA technical assistance	352,932	352,932	-	21,245
3575	Competitive teacher grants	42,000	42,000	-	-
3577	Teacher Supplies	347,050	347,050	-	-
3578	High schools that work	945	945	-	-
3582	Principal's Salary/Fringe Increase	74,645	74,645	-	-
3583	EAA Summer School / Comprehensive Remediation	852,975	879,547	26,572	-
3588	EAA palmetto gold and silver awards	1,150	1,150	-	10,567
3590	Reallocation of EIA funds	956,433	-	(956,433)	-
3591	Excellence in middle schools	82,000	82,000	-	-
3592	School-to-work transition	88,563	88,563	-	23,748
3593	EAA reduce class sizes grades 1-3	681,635	293,454	(388,181)	-
3596	EAA alternative schools programs	124,676	124,676	-	195,420
3599	Other EIA	1,000	1,000	-	-
Total state amounts		<u>\$ 13,178,763</u>	<u>\$ 10,037,539</u>	<u>\$ (3,141,224)</u>	<u>\$ 959,984</u>

# DEBT SERVICE FUND



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

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

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
DEBT SERVICE FUND  
For the fiscal year ended June 30, 2008

Schedule B-1

REVENUES		
1000	Revenue from local sources	
1100	Taxes	
1110	Ad valorem taxes - including delinquent	\$ 17,023,007
1140	Penalties and interest on taxes	797,512
1200	Revenue from Local Governmental Units other than LEAS:	
1280	Revenue in Lieu of Taxes (Independent and Dependent)	749,584
1500	Earnings on investments	
1510	Interest on investments	180,913
	Total local sources	<u>18,751,016</u>
2000	Intergovernmental revenues	
2100	Payments from other governmental units	17,000
	Total intergovernmental revenues	<u>17,000</u>
3000	Revenue from state sources	
3800	Revenue in lieu of taxes	
3820	Homestead exemption	573,131
3830	Merchant's inventory tax	107,676
3890	Other state property tax revenues	37,601
	Total state sources	<u>718,408</u>
	Total revenue all sources	<u>19,486,424</u>
EXPENDITURES		
500	Debt Service	
610	Redemption of principal	11,345,000
620	Interest	8,012,189
690	Other objects (includes fees for servicing bonds)	2,300
	Total expenditures	<u>19,359,489</u>
	Excess of revenues over expenditures	<u>126,935</u>
OTHER FINANCING SOURCES		
5230	Transfer from Special Revenue EIA Fund	478,217
	Total other financing sources	<u>478,217</u>
	Excess of revenues and other financing sources over expenditures	605,152
FUND BALANCE, JULY 1, 2007		<u>5,213,386</u>
FUND BALANCE, JUNE 30, 2008		<u>\$ 5,818,538</u>

# CAPITAL PROJECTS FUND



**Mount Holly Elementary School  
Opened August 2008**



**Under Construction**

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

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



ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
CAPITAL PROJECTS FUND  
For the fiscal year ended June 30, 2008

Schedule C-1

REVENUES		
1000	Revenue from local sources	
1500	Earnings on investments	
1510	Interest on investments	\$ 1,267,173
1900	Other revenue from local sources	
1993	Receipt of insurance proceeds	4,450
	Total local sources	<u>1,271,623</u>
3000	Revenue from state sources	
3100	Restricted state funding	
3170	State school building aid	73,049
3172	Children's education endowment	444,636
	Total state sources	<u>517,685</u>
	Total revenues all sources	<u>1,789,308</u>
EXPENDITURES		
250	Finance and operations	
253	Facilities acquisition and construction	
100	Salaries	2,450
200	Employee benefits	517
300	Purchased services	2,335,521
400	Supplies and materials	1,031,867
500	Capital outlay	
510	Land	13,200
520	Construction services	43,260,775
530	Improvements other than buildings	2,763,465
540	Equipment	229,234
545	Technology, equipment and software	3,398,839
550	Vehicles	301,645
560	Library books and materials	139,221
580	Mobile classrooms	64,268
600	Other objects	<u>2,318</u>
	Total expenditures	<u>53,543,320</u>
	Deficiency of revenues under expenditures	<u>(51,754,012)</u>
OTHER FINANCING SOURCES		
Interfund transfers from other funds		
5210	Transfer from general fund	356,675
5230	Transfer from special revenue EIA fund	478,217
	Total other financing sources	<u>834,892</u>
	Deficiency of revenues and other financing sources under expenditures	<u>(50,919,120)</u>
FUND BALANCE, JULY 1, 2007		<u>58,982,978</u>
FUND BALANCE, JUNE 30, 2008		<u>\$ 8,063,858</u>

# PROPRIETARY FUND



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

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

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
ENTERPRISE FUND - FOOD SERVICE  
For the fiscal year ended June 30, 2008

Schedule D-1

REVENUES		
1000	Revenue from local sources	
1600	Food service	
1610	Lunch sales to pupils	\$ 1,314,190
1620	Breakfast sales to pupils	285,964
1630	Special sales to pupils	461,510
1640	Lunch sales to adults	85,959
1650	Breakfast sales to adults	7,921
1660	Special sales to adults	231,276
1900	Other revenue from local sources	
1999	Revenue from other local sources	<u>2,667</u>
	Total local sources	<u>2,389,487</u>
3000	Revenue from state sources	
3140	School lunch	
3142	Program aid	<u>8,800</u>
	Total state sources	<u>8,800</u>
4000	Revenue from federal sources	
4800	USDA reimbursement	
4810	School lunch and after school snacks program	2,882,770
4830	School breakfast program	795,379
4900	Other federal sources	
4991	USDA commodities	<u>405,651</u>
	Total federal sources	<u>4,083,800</u>
	Total revenue all sources	<u>6,482,087</u>
EXPENSES		
256	Food service	
100	Salaries	2,421,835
200	Employee benefits	700,293
300	Purchased services	130,489
400	Supplies and materials	4,060,304
500	Capital outlay	
544	Equipment \$1,000 to \$4,999	4,408
545	Technology equipment	41,805
570	Depreciation	256,640
600	Other objects	<u>18,991</u>
	Total expenses	<u>7,634,765</u>
OTHER FINANCING SOURCES		
5210	Transfer from general fund	430,649
5999	Capital contributions	<u>138,845</u>
	Total other financing sources	<u>569,494</u>
	Net loss	(583,184)
NET ASSETS, JULY 1, 2007		<u>3,058,299</u>
NET ASSETS, JUNE 30, 2008		<u>\$ 2,475,115</u>

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

# FIDUCIARY FUND



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

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

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
For the fiscal year ended June 30, 2008

Schedule E-1

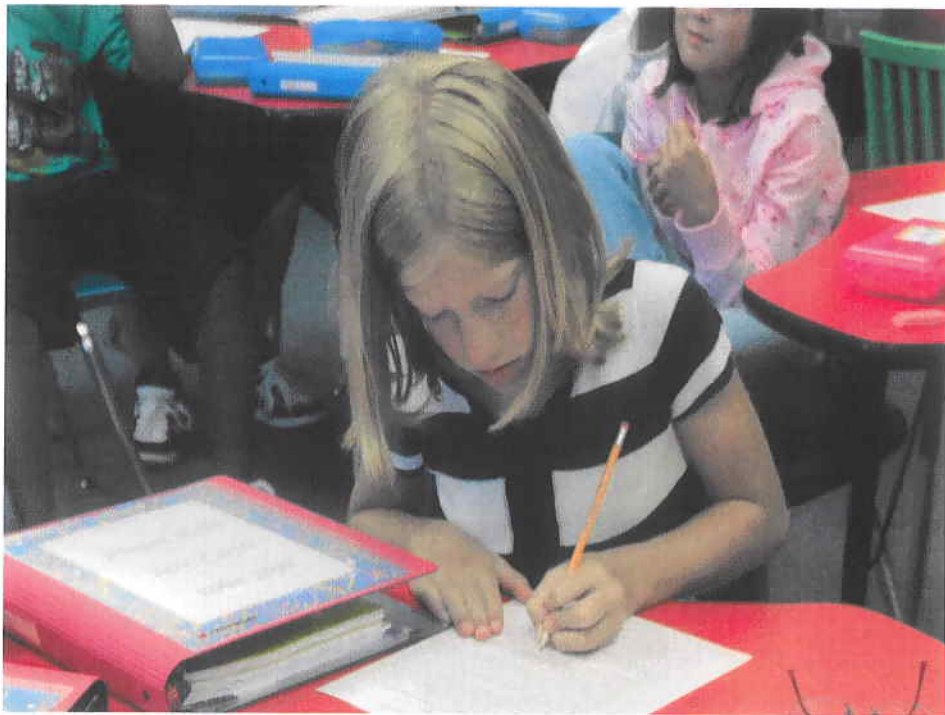
	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash	\$ 25,200	\$ 500	\$ -	\$ 25,700
Due from other funds	<u>854,914</u>	<u>3,886,170</u>	<u>4,027,883</u>	<u>713,201</u>
Total assets	<u><b>\$ 880,114</b></u>	<u><b>\$ 3,886,670</b></u>	<u><b>\$ 4,027,883</b></u>	<u><b>\$ 738,901</b></u>
LIABILITIES				
Due to pupil activities	<u>\$ 880,114</u>	<u>\$ 3,886,670</u>	<u>\$ 4,027,883</u>	<u>\$ 738,901</u>
Total liabilities	<u><b>\$ 880,114</b></u>	<u><b>\$ 3,886,670</b></u>	<u><b>\$ 4,027,883</b></u>	<u><b>\$ 738,901</b></u>

ROCK HILL SCHOOL DISTRICT THREE  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES  
 IN DUE TO PUPIL ACTIVITIES  
 AGENCY FUND  
 For the fiscal year ended June 30, 2008

RECEIPTS		
1000	Receipts from local sources	
1700	Pupil activities	
1710	Admissions	\$ 141,968
1720	Bookstore sales	402
1730	Pupil organization membership dues and fees	4,301
1740	Student fees	7,541
1790	Other	<u>3,076,641</u>
	Total receipts from local sources	<u>3,230,853</u>
DISBURSEMENTS		
190	Instructional pupil activity	
100	Salaries	2,580
200	Employee benefits	520
300	Purchased services	3,378
400	Supplies and materials	36,550
600	Other objects	691
270	Supporting services pupil activity	
271	Pupil service activities	
100	Salaries	96,278
200	Employee benefits	18,484
300	Purchased services	565,605
400	Supplies and materials	2,244,104
500	Capital outlay	19,903
600	Other objects	<u>725,361</u>
	Total disbursements	<u>3,713,454</u>
OTHER FINANCING SOURCES		
5210	Transfer from general fund	<u>341,388</u>
	Total other financing sources	<u>341,388</u>
	Shortage of receipts and other financing sources over disbursements	(141,213)
	DUE TO PUPIL ACTIVITIES, JULY 1, 2007	<u>880,114</u>
	DUE TO PUPIL ACTIVITIES, JUNE 30, 2008	<u><u>\$ 738,901</u></u>

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

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



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

ROCK HILL SCHOOL DISTRICT THREE  
DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/  
FEDERAL GOVERNMENT  
JUNE 30, 2008

Schedule F-1

Subfund Number	Program	Project/Grant Number	Revenue Code	Description	Amount	Status of
					Due to State Department of Education	Amounts Due to Grantors

No funds are due to state/federal government at June 30, 2008



ROCK HILL SCHOOL DISTRICT THREE  
CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULES BY SOURCE  
JUNE 30, 2008

Schedule G-1

Governmental funds capital assets:

Land	\$ 10,384,172
Construction-in-progress	58,170,601
Buildings and improvements	259,132,296
Furniture and equipment	11,383,575
Library books	<u>478,188</u>

Total governmental fund capital assets	<u><u>\$ 339,548,832</u></u>
--	------------------------------

Investments in governmental fund assets by source:

General fund	\$ 9,800,330
Special revenue fund	4,855,140
Capital projects fund	<u>324,893,362</u>

Total governmental fund capital assets	<u><u>\$ 339,548,832</u></u>
--	------------------------------

# Statistical Section

## STATISTICAL SECTION

### (UNAUDITED)

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

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

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

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

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

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

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

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

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

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

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

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

Table 1

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

	1999 *	2000 *	2001 *	2002 *	2003	2004	2005	2006	2007	2008
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 43,488,481	\$ 42,577,446	\$ 66,812,958	\$ 86,285,668	\$ 86,716,022	\$ 85,685,189
Restricted	-	-	-	-	26,750,120	41,165,324	23,493,394	8,869,209	14,447,991	12,952,545
Unrestricted	-	-	-	-	14,185,112	14,527,897	17,836,604	18,170,074	19,873,014	26,553,037
<b>Total governmental activities net assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 84,423,713</b>	<b>\$ 98,270,667</b>	<b>\$ 108,142,956</b>	<b>\$ 113,324,951</b>	<b>\$ 120,837,027</b>	<b>\$ 125,190,771</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 1,808,807	\$ 1,701,202	\$ 1,686,119	\$ 1,749,790	\$ 1,589,337	\$ 1,466,828
Unrestricted	-	-	-	-	855,046	1,251,686	1,473,688	1,712,777	1,468,962	1,008,287
<b>Total business-type activities net assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,663,853</b>	<b>\$ 2,952,888</b>	<b>\$ 3,159,807</b>	<b>\$ 3,462,567</b>	<b>\$ 3,058,299</b>	<b>\$ 2,475,115</b>
<b>Total primary government net assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,087,566</b>	<b>\$ 101,223,555</b>	<b>\$ 111,302,763</b>	<b>\$ 116,787,518</b>	<b>\$ 123,895,326</b>	<b>\$ 127,665,886</b>

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

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

Table 2

	1999 *	2000 *	2001 *	2002 *	2003	2004	2005	2006	2007	2008
<b>Expenses</b>										
Governmental activities										
Instruction	\$ -	\$ -	\$ -	\$ -	\$ 64,396,208	\$ 67,243,820	\$ 70,222,924	\$ 74,320,757	\$ 80,471,063	\$ 88,423,628
Support services	-	-	-	-	29,959,748	36,299,500	41,293,263	47,532,876	51,424,008	60,792,209
Community services	-	-	-	-	157,546	174,611	143,103	100,842	122,819	228,669
Intergovernmental	-	-	-	-	1,606,874	1,684,752	2,060,147	2,249,568	835,277	715,125
Interest on long-term obligations	-	-	-	-	15,450,292	5,546,681	5,894,985	5,881,577	6,391,797	7,484,011
Depreciation	-	-	-	-	-	3,636,190	4,297,929	5,311,817	5,876,110	6,309,334
Total governmental activities expenses	-	-	-	-	111,570,668	114,585,554	123,912,351	135,297,437	145,121,074	163,952,976
Business-type activities										
Food service	-	-	-	-	4,409,535	4,907,458	5,341,024	5,745,087	6,390,272	7,634,765
Total business-type activities expenses	-	-	-	-	4,409,535	4,907,458	5,341,024	5,745,087	6,390,272	7,634,765
Total primary government expenses	\$ -	\$ -	\$ -	\$ -	\$ 115,980,203	\$ 119,493,012	\$ 129,253,375	\$ 141,142,524	\$ 151,511,346	\$ 171,587,741
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
Instruction	\$ -	\$ -	\$ -	\$ -	\$ 274,227	\$ 1,278,314	\$ 1,377,246	\$ 1,520,761	\$ 1,990,488	\$ 2,187,263
Operating grants and contributions	-	-	-	-	56,791,680	57,912,163	62,895,700	70,188,964	73,960,271	81,227,036
Capital grants and contributions	-	-	-	-	7,647,847	6,161,974	2,901,214	187,900	-	517,685
Total governmental activities program revenues	-	-	-	-	64,713,754	65,352,451	67,174,160	71,897,625	75,950,759	83,931,984
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
Operating grants and contributions	-	-	-	-	2,278,596	2,788,285	3,032,923	3,345,185	3,638,605	4,092,600
Capital grants and contributions	-	-	-	-	-	77,049	193,337	267,797	-	138,845
Total business-type activities program revenues	-	-	-	-	4,583,410	5,196,493	5,547,943	6,047,847	5,986,004	6,620,932
Total primary government program revenues	\$ -	\$ -	\$ -	\$ -	\$ 69,297,164	\$ 70,548,944	\$ 72,722,103	\$ 77,945,472	\$ 81,936,763	\$ 90,552,916
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ (46,856,914)	\$ (49,233,103)	\$ (56,738,191)	\$ (63,499,812)	\$ (69,170,315)	\$ (80,020,992)
Business-type activities	-	-	-	-	173,875	289,035	206,919	302,760	(404,268)	(1,013,833)
Total primary government net (expense) revenue	\$ -	\$ -	\$ -	\$ -	\$ (46,683,039)	\$ (48,944,068)	\$ (56,531,272)	\$ (63,197,052)	\$ (69,574,583)	\$ (81,034,825)

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

Table 2

	1999 *	2000 *	2001 *	2002 *	2003	2004	2005	2006	2007	2008
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities										
Taxes by source:										
Property tax - general obligation	\$ -	\$ -	\$ -	\$ -	\$ 36,398,373	\$ 39,485,538	\$ 40,780,553	\$ 41,054,206	\$ 45,707,761	\$ 38,514,743
Property tax - debt service	-	-	-	-	13,031,710	13,380,824	14,058,798	14,709,219	16,076,102	18,617,043
Unrestricted grants and contributions	-	-	-	-	9,818,196	8,987,749	10,423,802	10,468,863	10,359,416	24,916,292
Unrestricted investment earnings	-	-	-	-	786,682	1,047,317	1,128,341	2,400,664	3,715,398	2,749,129
Miscellaneous	-	-	-	-	16,141	178,629	218,986	48,855	823,714	8,178
Transfers	-	-	-	-	-	-	-	-	-	(430,649)
Total governmental activities	-	-	-	-	60,051,102	63,080,057	66,610,480	68,681,807	76,682,391	84,374,736
Total primary government	-	-	-	-	60,051,102	63,080,057	66,610,480	68,681,807	76,682,391	84,374,736
<b>Change in Net Assets</b>										
Governmental activities	-	-	-	-	13,194,188	13,846,954	9,872,289	5,181,995	7,512,076	4,353,744
Business-type activities	-	-	-	-	173,875	289,035	206,919	302,760	(404,268)	(583,184)
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ 13,368,063	\$ 14,135,989	\$ 10,079,208	\$ 5,484,755	\$ 7,107,808	\$ 3,770,560

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

Table 3

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 191,089	\$ 199,269	\$ 262,157	\$ 314,701	\$ 197,597	\$ -	\$ 17,375,313	\$ -	\$ -	\$ -
Unreserved	11,382,753	11,932,404	12,739,430	14,164,398	14,796,600	15,025,796	17,375,313	17,512,981	19,133,030	23,269,504
Total general fund	\$ 11,573,842	\$ 12,131,673	\$ 13,001,587	\$ 14,479,099	\$ 14,994,197	\$ 15,025,796	\$ 17,375,313	\$ 17,512,981	\$ 19,133,030	\$ 23,269,504
All other governmental funds										
Reserved										
Debt service	\$ 6,416,948	\$ 8,334,717	\$ 9,802,239	\$ 9,002,237	\$ 7,526,162	\$ 4,217,513	\$ 3,499,617	\$ 3,696,239	\$ 5,213,386	\$ 5,818,538
Capital projects	7,384,391	4,818,330	8,506,205	26,600,401	18,394,926	36,375,175	19,923,502	28,657,842	58,982,978	8,063,858
Unreserved										
Special revenue	181,987	294,815	315,754	434,657	539,242	572,636	1,215,331	1,101,281	1,208,591	674,365
Total all other governmental funds	\$ 13,983,326	\$ 13,447,862	\$ 18,624,198	\$ 36,037,295	\$ 26,460,330	\$ 41,165,324	\$ 24,638,450	\$ 33,455,362	\$ 65,404,955	\$ 14,556,761

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

	1999 **	2000 **	2001 **	2002 **	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Local										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 49,002,612	\$ 52,707,540	\$ 55,032,357	\$ 55,651,621	\$ 61,626,855	\$ 53,862,883
Interest	-	-	-	-	786,682	1,047,317	1,128,341	2,400,664	3,715,398	2,749,128
Other	-	-	-	-	1,531,058	1,726,594	1,796,341	2,355,499	3,711,546	5,973,112
Total local sources	-	-	-	-	51,320,352	55,481,451	57,957,039	60,407,784	69,053,799	62,585,123
State sources	-	-	-	-	65,820,569	64,305,093	67,025,317	71,271,100	75,439,597	97,540,514
Federal sources	-	-	-	-	7,031,507	8,061,601	7,930,062	8,111,416	7,650,094	8,179,389
Intergovernmental	-	-	-	-	160,707	246,999	880,784	677,328	332,652	309,937
Total revenues	-	-	-	-	124,333,135	128,095,144	133,793,202	140,467,628	152,476,142	168,614,963
<b>Expenditures</b>										
Current										
Instruction	-	-	-	-	64,375,467	66,986,194	70,187,466	74,328,960	80,381,295	88,343,708
Support services	-	-	-	-	34,899,048	34,780,135	38,580,924	43,230,315	47,175,271	52,705,725
Community services	-	-	-	-	157,546	174,611	143,103	100,842	122,819	228,669
Intergovernmental	-	-	-	-	1,606,874	1,684,752	2,060,147	2,249,568	676,787	373,736
Debt service	-	-	-	-	10,655,000	14,635,000	10,025,000	10,290,000	12,630,000	11,345,000
Principal	-	-	-	-	4,924,481	5,372,956	5,926,332	5,509,659	5,871,438	8,012,189
Interest	-	-	-	-	1,669	1,435	2,229	2,175	2,474	2,300
Other	-	-	-	-	19,279,167	36,220,933	26,575,593	18,884,918	48,134,159	53,543,320
Capital outlay	-	-	-	-	135,899,252	159,856,016	153,500,794	154,596,437	194,994,243	214,554,647
Total expenditures	-	-	-	-	(11,566,117)	(31,760,872)	(19,707,592)	(14,128,809)	(42,518,101)	(45,939,684)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	4,250	2,114,140	30,235	313,249	1,401,390	-
<b>Other Financing Sources (Uses)</b>										
Premium on bonds sold	-	-	-	-	-	-	-	23,015,000	1,500,000	-
Proceeds of refunding bond	-	-	-	-	-	-	-	(23,244,860)	10,344,843	-
Payment to refunded debt escrow agent	-	-	-	-	2,500,000	44,625,000	5,500,000	23,000,000	63,000,000	-
Issuance of debt	-	-	-	-	5,354,417	8,109,109	8,031,846	6,498,386	6,236,815	5,106,058
Transfers in	-	-	-	-	(5,354,417)	(8,350,784)	(8,031,846)	(6,498,386)	(6,236,815)	(5,878,095)
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	2,504,250	46,497,465	5,530,235	23,083,389	76,246,233	(777,037)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ (9,061,867)	\$ 14,736,593	\$ (14,177,357)	\$ 8,954,580	\$ 33,728,132	\$ (46,711,721)
Capital Asset Expenditures	-	-	-	-	\$ 16,689,461	\$ 34,091,420	\$ 23,228,447	\$ 14,569,660	\$ 43,885,422	\$ 45,456,836
Debt service as a percentage of noncapital expenditures*	-	-	-	-	13.1%	15.9%	12.2%	11.3%	12.2%	11.4%

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

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



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

Table 5

Fiscal Year Ended June 30,	Assessed Value		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value		Ratio of Total Assessed Value to Total Estimated Actual Value
	Real Property	Personal Property					
1999	\$ 198,238,474	\$ 48,594,642	\$ 246,833,116	148.70	\$ 4,650,380,607		5.31%
2000	214,502,170	53,494,642	267,996,812	152.70	5,034,835,017		5.32%
2001	221,790,777	54,729,795	276,520,572	156.50	5,311,533,702		5.21%
2002	262,615,703	54,427,789	317,043,492	151.50	6,190,405,316		5.12%
2003	272,570,935	51,519,854	324,090,789	158.50	6,377,726,507		5.08%
2004	280,241,469	49,482,501	329,723,970	164.50	6,523,993,436		5.05%
2005	281,774,107	47,473,262	329,247,369	170.50	6,537,960,149		5.04%
2006	282,297,550	46,772,151	329,069,701	172.30	6,852,831,060		4.80%
2007	324,339,756	46,430,670	370,770,426	169.60	6,635,971,754		5.59%
2008	347,078,632	43,718,911	390,797,543	179.00	6,997,510,437		5.58%

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  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Tax Year	Rock Hill School District	Overlapping Rates		Total Direct and Overlapping Rates
			City of Rock Hill (2)	York County (1)	
1999	1998	148.7	104.0	50.9	303.60
2000	1999	152.7	104.0	53.6	310.30
2001	2000	156.5	106.0	53.6	316.10
2002	2001	151.5	98.0	50.5	300.00
2003	2002	158.5	98.0	53.5	310.00
2004	2003	164.5	98.0	58.0	320.50
2005	2004	170.5	102.0	62.2	334.70
2006	2005	172.3	102.0	66.8	341.10
2007	2006	169.6	95.0	62.6	327.20
2008	2007	179	95.0	66.0	340.00

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

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

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

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

Table 7

Taxpayer	2008			1999 *		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Bowater Incorporated	\$ 27,818,975	1	7.10%	\$ 26,670,050	1	11.00%
Rock Hill Telephone	6,430,560	2	1.60%	4,234,430	3	1.70%
Amisub of SC, Inc.	3,747,931	3	1.00%			
Duke Energy Corporation	2,532,738	4	0.60%	1,943,230	5	0.80%
Tyco Electronics Corporation	1,997,402	5	0.50%			
Atotech USA, Inc.	1,955,964	6	0.50%	1,534,355	7	0.60%
York Electric Cooperative	1,717,820	7	0.40%	1,019,680	9	0.40%
Piedmont Medical Center	1,535,800	8	0.40%			
JTL rock Hill, LLC	1,500,980	9	0.40%			
Transaxle Manufacturing	1,343,520	10	0.30%			
Hoechst Celanese Corporation	-			7,329,357	2	3.00%
Inchem Corporation	-			1,961,050	4	0.80%
AMISUB Inc.	-			1,811,712	6	0.70%
Rock Hill Zamias	-			1,348,549	8	0.50%
Springs Industries	-			910,060	10	0.30%
Total	\$ 50,581,690		12.80%	\$ 48,762,473		19.80%

Source: York County Auditor

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

Table 8

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 46,824,408	\$ 44,026,377	94.02%	\$ 1,081,897	\$ 45,108,274	96.33%
2000	51,572,905	46,808,851	90.76%	1,201,759	48,010,610	93.09%
2001	54,283,284	49,112,005	90.47%	881,751	49,993,756	92.10%
2002	59,817,985	55,167,606	92.23%	1,084,129	56,251,735	94.04%
2003	63,280,933	57,668,931	91.13%	1,271,067	58,939,998	93.14%
2004	66,349,748	60,221,007	90.76%	1,422,918	61,643,925	92.91%
2005	66,408,876	63,652,835	95.85%	1,386,664	65,039,499	97.94%
2006	68,424,744	64,940,073	94.91%	1,134,885	66,074,958	96.57%
2007	74,113,224	70,067,798	94.54%	1,054,494	71,122,292	95.96%
2008	83,040,915	80,179,252	96.55%	-	80,179,252	96.55%

Sources: Records maintained by Finance Department

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

Table 9

Fiscal Year	Governmental Activities		Percentage of Personal Income	Per Capita
	General Obligation Bonds			
1999	\$ 77,420,000		4.77%	\$ 502
2000	72,645,000		5.44%	441
2001	77,700,000		5.53%	469
2002	99,585,000		4.48%	587
2003	91,430,000		5.15%	526
2004	121,420,000		4.03%	681
2005	116,895,000		4.43%	636
2006	129,975,000		4.17%	684
2007	181,845,000		3.27%	914
2008	170,500,000		3.68%	816

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

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

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

Table 10

Fiscal Year	General Bonded Debt Outstanding	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property <sup>1</sup>	Per Capita <sup>1</sup>
1999	\$ 77,420,000	\$ 6,416,948	\$ 71,003,052	1.53%	\$ 460
2000	72,645,000	8,334,717	64,310,283	1.28%	391
2001	77,700,000	9,802,239	67,897,761	1.28%	410
2002	99,585,000	9,002,237	90,582,763	1.46%	534
2003	91,430,000	7,526,162	83,903,838	1.32%	482
2004	121,420,000	4,217,513	117,202,487	1.80%	657
2005	116,895,000	3,499,617	113,395,383	1.73%	617
2006	129,975,000	3,696,239	126,278,761	1.84%	664
2007	181,845,000	5,213,386	176,631,614	2.66%	887
2008	170,500,000	5,818,538	164,681,462	2.35%	789

Source: District Finance Records

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

ROCK HILL SCHOOL DISTRICT THREE  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2007  
(Unaudited)

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Direct:			
Rock Hill School District Three	<u>\$ 170,500,000</u>	100.00%	<u>\$ 170,500,000</u>
Total Direct	<u>170,500,000</u>		<u>170,500,000</u>
Overlapping:			
City of Rock Hill	7,435,000	100.00%	7,435,000
York County	<u>39,576,694</u>	100.00%	<u>39,576,694</u>
Total Overlapping	<u>47,011,694</u>		<u>47,011,694</u>
Total Direct and Overlapping	<u>\$ 217,511,694</u>		<u>\$ 217,511,694</u>

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

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

Table 12

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 19,746,649	\$ 21,439,745	\$ 22,121,646	\$ 25,363,479	\$ 25,927,263	\$ 26,377,918	\$ 26,339,790	\$ 27,235,860	\$ 29,661,634	\$ 31,263,803
Total net debt applicable to limit	12,103,635	11,136,410	10,435,255	7,193,030	5,665,946	2,826,575	6,117,350	7,498,765	14,118,450	12,620,000
Legal debt margin	\$ 7,643,014	\$ 10,303,335	\$ 11,686,391	\$ 18,170,449	\$ 20,261,317	\$ 23,551,343	\$ 20,222,440	\$ 19,737,095	\$ 15,543,184	\$ 18,643,803
Total net debt applicable to limit as a percentage of debt limit	61%	52%	47%	28%	22%	11%	23%	28%	48%	40%
Legal debt margin calculation for fiscal year 2008										
Assessed value	\$ 390,797,543									
Debt limit (8 % of assessed value)	31,263,803									
Debt applicable to limit:										
Total bonded debt	170,500,000									
Less: Bond issuances approved by referendum	157,880,000									
Total net debt applicable to limit	12,620,000									
Legal debt margin	\$ 18,643,803									

Notes:

The School District's borrowing power is restricted by amended Article X, Section 15, of the State Constitution. This section provides that a local unit cannot at any time have total debt outstanding in an amount that exceeds 8 percent of the assessed property value. Excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing prior to December 1, 1982, the effective date of amendment of Article X of the Constitution of South Carolina pertaining to bonded debt. Assessed value used above is the tax base as of June 30, 2008.



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

Table 13

Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
1999	154,300	\$ 3,693,210	\$ 23,486	14,125	3.70%
2000	164,623	3,949,591	24,449	14,346	4.10%
2001	165,719	4,299,052	25,942	14,515	3.60%
2002	169,631	4,460,635	26,296	14,976	4.50%
2003	173,982	4,711,897	27,083	15,218	7.30%
2004	178,344	4,887,804	27,407	15,537	7.60%
2005	183,762	5,175,845	28,166	15,936	6.50%
2006	190,097	5,416,459	28,493	16,230	6.90%
2007	199,035	5,951,943	29,904	16,655	5.70%
2008	208,827	6,281,780	31,657	16,836	6.10%

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

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

Table 14

Employer	2008			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rock Hill School District Three	2,460	1	1.10%	2,186	1	2.21%
Wells Fargo Home Mortgage	1,787	2	0.74%	1,469	4	1.48%
Citi Financial	1,707	3	0.71%	1,411	5	1.42%
Piedmont Medical Center	1,600	4	0.80%	1,600	3	1.62%
Fort Mill School District	1,241	5	0.46%	912	9	0.92%
Duke Power Catawba Nuclear Station	1,200	6	0.55%	1,100	7	1.11%
Winthrop University	1,194	7	0.57%	1,129	6	1.14%
Ross Distribution	1,135	8	0.90%	1,800	2	1.82%
Comporium Communications	1,038	9	0.80%			
Abitibi Bowater, Inc.	1,027	10	0.48%	957	8	0.97%
Schaeffler Group USA	-		0.00%	840	10	0.85%
	<u>14,389</u>		<u>7.11%</u>	<u>13,404</u>		<u>13.54%</u>

Source: York County Economic Development

Note: These figures represent top county employers.  
Information for 1999 is not readily available. We have included 2007 for comparative purposes.

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

Table 15

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental activities										
Instruction	1,112	1,138	1,153	1,211	1,222	1,280	1,320	1,387	1,492	1,664
Support services	413	450	471	406	400	408	497	548	568	610
Community services	2	2	2	2	2	2	2	2	2	3
Business-type activities										
Food services	100	104	116	146	148	120	117	128	124	183
Total	<u>1,627</u>	<u>1,694</u>	<u>1,742</u>	<u>1,765</u>	<u>1,772</u>	<u>1,810</u>	<u>1,936</u>	<u>2,065</u>	<u>2,186</u>	<u>2,460</u>

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

Table 16

Fiscal Year	Expenses	Enrollment	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage	Percentage of Students Receiving Free or Reduced Meals *
1999	\$ 73,314,297	14,125	\$ 5,190	3.5%	959	15	96.2%	-
2000	82,762,678	14,346	5,769	11.1%	979	15	96.6%	-
2001	90,310,189	14,515	6,222	7.8%	972	15	96.4%	-
2002	94,323,755	14,976	6,298	1.2%	1,009	15	96.5%	-
2003	101,038,935	15,218	6,639	5.4%	1,009	15	96.4%	38%
2004	103,625,692	15,537	6,670	0.5%	1,059	15	96.4%	43%
2005	110,971,640	15,936	6,964	4.4%	1,063	15	96.7%	42%
2006	119,909,685	16,230	7,388	6.1%	1,084	15	96.4%	44%
2007	128,356,172	16,655	7,707	4.3%	1,183	14	96.9%	43%
2008	141,651,834	16,836	8,414	9.2%	1,351	12	96.2%	38%

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

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

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

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

Table 17

<u>Fiscal Year</u>	<u>Minimum Salary (1)</u>	<u>Maximum Salary (1)</u>	<u>District Average Salary (2)</u>	<u>Statewide Average Salary (2)</u>
1999	\$ 24,648	\$ 53,261	\$ 36,841	\$ 34,506
2000	25,704	56,344	38,135	36,081
2001	27,315	59,922	39,927	37,938
2002	28,362	62,136	41,945	39,923
2003	28,614	62,688	42,821	40,362
2004	28,802	63,099	43,209	41,162
2005	29,397	64,403	44,186	42,189
2006	29,870	65,439	44,722	43,011
2007	30,649	67,146	45,664	44,335
2008	32,885	72,045	49,492	47,304

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

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

Table 18

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Elementary Schools</b>										
Bellevue (1955)										
Square feet	58,797	58,797	58,797	58,797	58,797	58,797	58,797	58,797	58,797	58,797
Capacity (students)								600	600	600
Enrollment	504	514	552	534	507	511	564	557	572	587
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 (students)								340	340	340
Enrollment	347	349	314	346	360	317	351	353	360	354
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 (students)								500	500	500
Enrollment	548	585	591	595	461	483	443	496	509	490
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 (students)								560	560	560
Enrollment	531	531	554	585	425	436	433	458	481	552
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 (students)								540	540	540
Enrollment	563	524	520	552	508	486	501	494	531	484
Lesslie (1954)										
Square feet	44,264	44,264	44,264	44,264	44,264	44,264	44,264	48,836	48,836	48,836
Capacity (students)								520	520	520
Enrollment	454	434	397	406	484	520	527	519	511	512
Mt. Gallant (1978)										
Square feet	58,782	58,782	58,782	58,782	58,782	58,782	58,782	61,854	61,854	61,854
Capacity (students)								560	560	560
Enrollment	546	504	498	489	517	522	545	565	602	554
Northside (1951)										
Square feet	50,951	50,951	50,951	50,951	50,951	50,951	50,951	51,719	51,719	51,719
Capacity (students)								480	480	480
Enrollment	365	342	332	306	388	406	428	445	485	484
Oakdale (1949)										
Square feet	59,045	59,045	59,045	59,045	59,045	59,045	59,045	60,581	60,581	60,581
Capacity (students)								540	540	540
Enrollment	602	591	638	676	559	548	591	610	615	663

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

Table 18

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Old Pointe (2002)</b>										
Square feet	-	-	-	-	75,975	75,975	78,975	91,215	91,215	91,215
Capacity (students)	-	-	-	-	525	596	584	600	600	600
Enrollment	-	-	-	-	525	596	584	596	687	690
<b>Richmond Drive (1949)</b>										
Square feet	54,738	54,738	54,738	54,738	54,738	54,738	54,738	54,738	54,738	54,738
Capacity (students)	494	519	510	552	507	519	505	520	520	520
Enrollment	494	519	510	552	507	519	505	519	582	524
<b>Rosewood (1960)</b>										
Square feet	57,493	57,493	57,493	57,493	57,493	57,493	57,493	56,011	56,011	56,011
Capacity (students)	577	611	633	668	572	551	586	600	600	600
Enrollment	577	611	633	668	572	551	586	620	707	586
<b>Sunset Park (1954)</b>										
Square feet	58,203	58,203	58,203	58,203	58,203	58,203	58,203	58,203	58,203	58,203
Capacity (students)	432	443	401	362	296	294	303	560	560	560
Enrollment	432	443	401	362	296	294	303	323	293	264
<b>Sylvia Circle (1950)</b>										
Square feet	47,369	47,369	47,369	47,369	48,453	48,453	48,453	48,453	48,453	48,453
Capacity (students)	252	241	212	213	238	262	265	400	400	400
Enrollment	252	241	212	213	238	262	265	286	256	304
<b>York Road (1971)</b>										
Square feet	59,958	59,958	59,958	59,958	59,958	59,958	60,708	60,726	60,726	60,726
Capacity (students)	551	544	571	573	527	511	528	520	520	520
Enrollment	551	544	571	573	527	511	528	484	511	474
<b>Middle Schools</b>										
<b>Castle Heights (1957)</b>										
Square feet	106,636	106,636	106,636	106,636	106,636	160,151	160,151	160,151	160,151	160,151
Capacity (students)	1,128	902	884	852	866	889	936	1,100	1,100	1,100
Enrollment	1,128	902	884	852	866	889	936	921	900	871
<b>Rawlinson Road (1972)</b>										
Square feet	99,101	99,101	99,101	99,101	99,101	99,101	99,101	129,471	139,401	139,401
Capacity (students)	1,210	953	905	912	957	1,003	1,050	975	1,150	1,150
Enrollment	1,210	953	905	912	957	1,003	1,050	1,070	1,077	1,075
<b>Saluda Trail (1999)</b>										
Square feet	-	161,419	161,419	161,419	161,419	161,419	161,419	161,419	161,419	161,419
Capacity (students)	-	743	882	867	872	899	873	1,000	1,000	1,000
Enrollment	-	743	882	867	872	899	873	846	868	907

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

Table 18

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Sullivan (1959)</b>										
Square feet	147,070	147,070	147,070	147,070	150,790	150,790	150,790	150,790	150,790	150,790
Capacity (students)								1,300	1,300	1,300
Enrollment	1,116	1,017	1,036	1,045	1,097	1,071	1,111	1,063	1,060	975
<b>High Schools</b>										
<b>Northwestern (1971)</b>										
Square feet	280,955	280,955	280,955	282,575	282,575	282,575	282,575	282,575	282,575	282,575
Capacity (students)								1,900	1,900	1,900
Enrollment	2,029	2,080	2,104	2,305	2,340	2,404	2,443	2,089	1,844	1,701
<b>Rock Hill (1977)</b>										
Square feet	286,640	286,640	286,640	288,260	288,260	288,260	288,260	288,260	288,260	288,260
Capacity (students)								2,075	2,075	2,075
Enrollment	1,877	1,920	1,978	2,138	2,211	2,310	2,370	2,172	2,121	2,050
<b>South Pointe (2005)</b>										
Square feet	-	-	-	-	-	-	-	364,448	364,448	364,448
Capacity (students)								1,800	1,800	1,800
Enrollment	-	-	-	-	-	-	-	744	1,060	1,289
<b>India Hook (2007)</b>										
Square feet	-	-	-	-	-	-	-	-	-	74,979
Capacity (students)								-	-	600
Enrollment	-	-	-	-	-	-	-	-	-	446

Source: 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.



# Single Audit Section

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the fiscal year ended June 30, 2008

LEA Subfund Code	Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass -Thru Grantor's Number	Total Expenditures
	U.S. DEPARTMENT OF EDUCATION			
	Passed through S.C. Department of Education:			
201	Title I	84.010	8BA091	\$ 3,286,678
203	Handicapped - P.L. 94-142	84.027	8CA091	3,331,224
205	Preschool Handicapped	84.173	8CG091	108,100
207	Occupational Education - subprogram 03	84.048	8VA091	5,000
207	Occupational Education - subprogram 04	84.048	8VA091	3,649
207	Occupational Education - subprogram 06	84.048	8VA091	30,906
207	Occupational Education - subprogram 09	84.048	8VA091	183,699
207	Occupational Education - subprogram 10	84.048	8VA091	6,500
207	Occupational Education - subprogram 14	84.048	8VA091	5,901
207	Occupational Education - subprogram 15	84.048	8VA091	12,549
	Total 207			248,204
209	Drug Free Schools	84.186	8FQ091	57,636
213	Personnel Development - subprogram 08	84.027A	8CO091	22,857
237	Title I School Improvement - subprogram 00	84.010A	08BJ091	14,371
237	Title I School Improvement - subprogram 03	84.010A	08BJ091	45,029
	Total 237			59,400
241	Title V - Part A - subprogram 00	84.298	8BB091	28,135
243	Adult Education - subprogram 00	84.002	8EA091	100,292
253	Enhancing Education Through Technology - subprogram 05	84.318X	8ET091	38,829
264	Language Instruction Title III	84.365A	8BP091	99,726
267	Improving Teacher Quality	84.367A	8TQ091	589,114
822	Extended School Year	---	08CE091	17,927
830	SCEENS/EIC-NFWF-EPA - subprogram 01	---	8FC091	1,779
830	SCEENS/EIC-NFWF-EPA - subprogram 02	---	8FC091	7,106
	Total 830			8,885
844	Attendance Improvement Grant - subprogram 01	16.541	8FC091	1,500
856	Foreign Language Assessment Program	84.293B	N/A	18,390
	Total U.S. Department of Education			8,016,897
	U.S. DEPARTMENT OF AGRICULTURE			
	Passed through S.C. Department of Education:			
600	Commodities	10.550	N/A	405,651
600	School Breakfast Program	10.553	N/A	795,379
600	School Lunch Program	10.555	N/A	2,882,770
	Total Child Nutrition Cluster			3,678,149
	Total U.S. Department of Agriculture			4,083,800
	U.S. DEPARTMENT OF DEFENSE			
295	ROTC	---	N/A	162,492
	Total U.S. Department of Defense			162,492
	Total Federal Awards			\$ 12,263,189

Footnotes: The accounting policies of the School District conform to accounting principles generally accepted in the United States of America applicable to governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant policies can be found in the notes to the financial statements of the School District's basic financial statements for the year ended June 30, 2008. All expenditures reported on the above Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting as applicable to governmental funds, except for the expenditures of programs under CFDA Numbers 10.550, 10.553 and 10.555, which are reported under the full accrual basis of accounting as applicable to enterprise funds.

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

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

We have audited the financial statements of Rock Hill School District Three as of and for the year ended June 30, 2008, and have issued our report thereon dated January 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

### Compliance and Other Matters

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

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

*Elliott Davis, LLC*

Columbia, South Carolina  
January 20, 2009

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

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

Compliance

We have audited the compliance of Rock Hill School District Three with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

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

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

*Elliott Davis, LLC*

Columbia, South Carolina  
January 20, 2009

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

- A) An unqualified opinion has been issued on the basic financial statements of Rock Hill School District Three for the year ended June 30, 2008.
- B) No deficiencies in internal control were disclosed by the audit of the financial statements.
- C) The audit disclosed no instances of noncompliance which are material to the basic financial statements.
- D) No deficiencies in internal control over major programs were identified.
- E) The report on compliance for major programs expressed an unqualified opinion.
- F) All findings for which the auditor is required to report are noted herein.
- G) For the year ended June 30, 2008, the following programs were considered to be major programs: Title I (CFDA 84.010), Improving Teacher Quality (CFDA 84.367).
- H) For purposes of determining major programs, a \$367,896 threshold of expenditures was used.
- I) The School District was determined to be a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reported in the current fiscal year, and there were no matters reported in the prior year.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported in the current fiscal year, and there were no matters reported in the prior year.