

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2019

| | <u>Page Number</u> |
|--|--------------------|
| Table of Contents | i |
| Administrative Chart | iii |
| <u>FINANCIAL SECTION</u> | |
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements | |
| <i>Government-Wide Financial Statements</i> | |
| Statement of Net Position | 14 |
| Statement of Activities | 15 |
| <i>Fund Financial Statements</i> | |
| Balance Sheet - Governmental Funds | 16 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 18 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 20 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 22 |
| Statement of Assets and Liabilities - Fiduciary Fund | 23 |
| Notes to the Financial Statements | 24 |
| Required Supplementary Information | |
| <i>Budgetary Comparison Schedule - General Fund</i> | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - General Fund | Schedule A-1 63 |
| <i>Pension Plan Schedules</i> | |
| Schedule of the District's Proportionate Share of the Net Pension Liability - South Carolina Retirement System | 64 |
| Schedule of Contributions - South Carolina Retirement System | 65 |
| Schedule of the District's Proportionate Share of the Net Pension Liability - Police Officers Retirement System | 66 |
| Schedule of Contributions - Police Officers Retirement System | 67 |
| <i>Other Postemployment Benefit Plan Schedules</i> | |
| Schedule of the District's Proportionate Share of the Net OPEB Liability - South Carolina Retiree Health Insurance Trust Fund | 68 |
| Schedule of the District's Contributions - South Carolina Retiree Health Insurance Trust Fund | 69 |
| Supplementary Information | |
| <i>Combining and Individual Fund Financial Schedules</i> | |
| <u>General Fund</u> | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Revised Budget and Actual | Schedule A-2 74 |

(Continued)

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

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2019

Page Number

FINANCIAL SECTION (CONTINUED)

Supplementary Information (Continued)

Combining and Individual Fund Financial Schedules (Continued)

Special Revenue Funds

Special Projects Fund

| | | |
|--|--------------|-----|
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances | Schedule B-1 | 86 |
| Supplemental Listing of LEA Subfund Codes and Titles | Schedule B-2 | 100 |
| Summary Schedule for Other Designated Restricted State Grants | Schedule B-3 | 101 |

Education Improvement Act Fund

| | | |
|---|--------------|-----|
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs | Schedule B-4 | 102 |
| Summary Schedule by Program | Schedule B-5 | 107 |

Other Schedules

| | | |
|--|--------------|-----|
| Detailed Schedule of Due to State Department of Education/Federal Government | Schedule B-6 | 108 |
|--|--------------|-----|

Food Service Fund

| | | |
|---|--------------|-----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance | Schedule B-7 | 109 |
|---|--------------|-----|

Debt Service Fund

| | | |
|---|--------------|-----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance | Schedule C-1 | 113 |
|---|--------------|-----|

Capital Projects Fund

| | | |
|---|--------------|-----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance | Schedule D-1 | 117 |
|---|--------------|-----|

Fiduciary Fund - Agency Fund - Pupil Activity Fund

| | | |
|--|--------------|-----|
| Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations | Schedule E-1 | 120 |
| Schedule of Changes in Assets and Liabilities | Schedule E-2 | 121 |

Other Schedule

| | | |
|----------------------------------|--------------|-----|
| Location Reconciliation Schedule | Schedule F-1 | 124 |
|----------------------------------|--------------|-----|

COMPLIANCE SECTION

| | |
|---|-----|
| Schedule of Expenditures of Federal Awards | 128 |
| Notes to the Schedule of Expenditures of Federal Awards | 129 |
| Independent Auditor's Report - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 131 |
| Independent Auditor's Report - Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance | 133 |
| Summary Schedule of Prior Audit Findings | 135 |
| Schedule of Findings and Questioned Costs | 136 |

**ROCK HILL SCHOOL DISTRICT THREE
ADMINISTRATIVE CHART
AS OF JUNE 30, 2019**

Board of Trustees

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

| <u>Name</u> | <u>Occupation</u> | <u>Number of Years of Service</u> |
|-----------------------------------|-------------------------------|---------------------------------------|
| Mrs. Windy Cole | Development Director | 3 |
| Mrs. Mildred Douglas | Retired Public School Teacher | 18 |
| Mr. Terry Hutchinson (Vice-Chair) | Automotive Mechanic | 7 |
| Ms. Elizabeth “Ann” Reid | Retired Educator | 18 |
| Mrs. Helena Miller (Chair) | Community Volunteer | 5 |
| Mrs. Robin Owens | Business Manager | 1 |
| Mr. Brent Faulkenberry | Personnel Recruiter | 1 |

District Personnel

| <u>Name</u> | <u>Position</u> |
|--------------------|---|
| Dr. Bill Cook | Superintendent |
| Mr. Anthony Cox | Chief of Operations |
| Dr. John Jones | Chief Academic and Accountability Officer |
| Dr. Luanne Kokolis | Chief of Strategic Planning, Engagement, and Program Support |
| Mrs. Terri Smith | Chief Financial Officer |
| Dr. Tanya Campbell | Chief Personnel Officer |

(This page intentionally left blank.)

Financial Section

(This page intentionally left blank.)



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rock Hill School District Three, South Carolina (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which statements reflected \$580,623, (\$865,474) and \$715,427, respectively, in assets, net position (deficit), and revenues. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rock Hill School District Three, South Carolina, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

GREENEFINNEY.COM · INFO@GREENEFINNEY.COM

MAULDIN, SC
864.232.5204

CHARLESTON, SC
843.735.5805

SPARTANBURG, SC
864.232.5204

ASHEVILLE, NC
828.771.0847
OPEN BY APPOINTMENT ONLY

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
November 26, 2019

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2019

INTRODUCTION

This discussion and analysis of Rock Hill School District Three's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019 ("2019" or "FY 2019") compared to the fiscal year ended June 30, 2018 ("2018" or "FY 2018"). The intent of this discussion and analysis is to look at the District's financial performance as a whole, with an emphasis on the Primary Government (which excludes the District's discretely presented charter school); readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019 are as follows:

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by approximately \$153.5 million. Of this amount, approximately (\$301.2) million was negative unrestricted net position. The deficit in unrestricted net position is a result of (a) pension accounting standards that were implemented in 2015 which resulted in the District recording a net pension liability and related deferred pension balances for its participation in the State retirement plans and (b) other postemployment benefit ("OPEB") accounting standards that were implemented in 2018 which resulted in the District recording a net OPEB liability and related deferred OPEB balances for its participation in the State OPEB plan. Without the net pension and net OPEB liabilities and related deferred balances of \$369.1 million at June 30, 2019, the District would have total unrestricted net position of \$67.9 million.
- The District's total net position increased by approximately \$8.0 million compared to an approximately \$0.1 million increase in the prior year. This change in net position is primarily due to an increase in revenues.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$84.2 million, a decrease of approximately \$14.1 million from the prior year, which is primarily due to spending down bond proceed balances on construction.
- At the end of the current fiscal year, total fund balance for the General Fund was approximately \$39.5 million, which is 25% percent of total General Fund expenditures. Approximately \$38.3 million is unassigned.
- The fund balance for the General Fund increased by approximately \$1.3 million, as revenues and net other financing sources of approximately \$159.6 million exceeded expenditures of approximately \$158.3 million.
- The District's total capital assets increased by approximately \$9.8 million (5%) during the current fiscal year, as additions of approximately \$26.0 million exceeded depreciation expense and net disposals of approximately \$11.2 million.
- The District's total outstanding indebtedness decreased by approximately \$9.8 million (5%) during the current fiscal year due to regularly scheduled principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). All of the District's activities are reported in governmental activities in the government-wide financial statements (as the District no longer has any business-type activities).

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

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The governmental fund statements provide a more detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. However the governmental fund statements do not encompass the additional long-term focus as that of the government-wide financial statements, and as a result additional information at the end of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the governmental fund statements and the government-wide statements.

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

Fiduciary Funds

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

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

MANAGEMENT’S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Notes to the Financial Statements

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

Other Information

The District adopts an annual appropriated budget only for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for this fund to demonstrate compliance with the budgets. Required pension plan schedules have been included which provide relevant information regarding the District’s participation in the South Carolina Retirement System and the Police Officers Retirement System. Required OPEB plan schedules have been included which provide relevant information regarding the District’s participation in the South Carolina Retiree Health Insurance Trust Fund. Required supplementary information can be found as listed in the table of contents. In addition to the financial statements, notes, and required supplementary information, this report includes certain supplementary information. The combining and individual fund financial schedules and the location reconciliation schedule can be found as listed in the table of contents of this report.

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

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$153.5 million at the close of the most recent fiscal year.

The table below provides a summary of net position for the District's Primary Government as of June 30, 2019 compared to June 30, 2018:

Statements of Net Position

| | Governmental Activities | |
|---|-------------------------|-------------------------|
| | June 30, 2019 | June 30, 2018 |
| Assets | | |
| Current and Other Assets | \$ 120,532,370 | \$ 135,913,910 |
| Capital Assets, Net | 316,798,411 | 301,964,520 |
| Total Assets | <u>437,330,781</u> | <u>437,878,430</u> |
| Deferred Outflows of Resources | | |
| Deferred Pension Charges | 25,844,878 | 33,182,986 |
| Deferred Other Postemployment Benefit Charges | 9,476,225 | 5,845,401 |
| Total Deferred Outflows of Resources | <u>35,321,103</u> | <u>39,028,387</u> |
| Liabilities | | |
| Other Liabilities | 25,470,344 | 29,281,637 |
| Net Pension Liability | 213,988,497 | 217,117,224 |
| Net Other Postemployment Benefit Liability | 170,111,070 | 164,191,994 |
| Long-Term Liabilities | 196,283,020 | 207,309,228 |
| Total Liabilities | <u>605,852,931</u> | <u>617,900,083</u> |
| Deferred Inflows of Resources | | |
| Deferred Pension Credits | 4,873,177 | 4,991,870 |
| Deferred Other Postemployment Benefit Credits | 15,407,049 | 15,523,311 |
| Total Deferred Inflows of Resources | <u>20,280,226</u> | <u>20,515,181</u> |
| Net Position | | |
| Net Investment in Capital Assets | 131,794,406 | 127,198,484 |
| Restricted | 15,884,734 | 18,287,282 |
| Unrestricted | (301,160,413) | (306,994,213) |
| Total Net Position | <u>\$ (153,481,273)</u> | <u>\$ (161,508,447)</u> |

The District's current and other assets at June 30, 2019 decreased by approximately \$15.4 million from the prior year due to the District spending down its bond proceeds on construction. The District's capital assets at June 30, 2019 increased by approximately \$14.8 million from the prior year due to additions of \$26.0 million exceeding depreciation expense and net disposals of approximately \$11.2 million. The District's total liabilities at June 30, 2019 decreased by approximately \$12.0 million from the prior year. This decrease was primarily due to regularly scheduled principal payments, a decrease in other liabilities and the net pension liability, partially offset by an increase in the net OPEB liability.

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

MANAGEMENT’S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The changes in the net pension liability, net OPEB liability, and deferred outflows/inflows of resources were primarily due to differences between expected and actual liability/investment experience, changes in assumptions, and changes in the percentage of the District’s share of the net pension and OPEB liabilities in the State plans.

The District’s net position increased by approximately \$8.0 million during the current fiscal year as revenues exceeded expenses. See the discussion following the next table regarding this increase.

The District’s net investment in capital assets of approximately \$131.8 million reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt generally must be provided from other sources, since generally the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the District’s net position (approximately \$20.4 million) represents resources that are subject to external restrictions on how they may be used. These amounts are restricted primarily for debt service or by revenue source. The remaining portion of the District’s net position is unrestricted net position.

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

Statements of Changes in Net Position

| | Governmental Activities | |
|---------------------------------|-------------------------|-------------------------|
| | 2019 | 2018 |
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$ 4,709,539 | \$ 4,297,492 |
| Operating Grants | 99,305,871 | 96,976,965 |
| General Revenues: | | |
| Taxes | 78,018,105 | 72,400,073 |
| State Revenue in Lieu of Taxes | 35,900,734 | 35,480,429 |
| Other | 3,159,669 | 2,909,873 |
| Total Revenues | <u>221,093,918</u> | <u>212,064,832</u> |
| Program Expenses | | |
| Instruction | 113,714,312 | 114,888,271 |
| Supporting Services | 92,383,301 | 88,753,144 |
| Community Services | 165,261 | 275,933 |
| Interest and Other Charges | 6,803,870 | 8,019,875 |
| Total Program Expenses | <u>213,066,744</u> | <u>211,937,223</u> |
| Change in Net Position | 8,027,174 | 127,609 |
| Net Position, Beginning of Year | <u>(161,508,447)</u> | <u>(161,636,056)</u> |
| Net Position, End of Year | <u>\$ (153,481,273)</u> | <u>\$ (161,508,447)</u> |

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

The District's governmental activities net position increased by approximately \$8.0 million in 2019, compared to approximately \$0.1 million in 2018. The increase in the current year was due to an increase in revenues of approximately \$9.0 million, partially offset by an increase in expenses of approximately \$1.0 million. The increase in revenues was largely due to an increase in operating grants (state and federal) and taxes. Expenses increased due to higher wages (1% cost of living adjustment and a "Step" increase), benefits, and operating costs.

FUND ANALYSIS

Governmental Funds

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

For the year ended June 30, 2019, the District's governmental funds reported a combined fund balance of approximately \$84.2 million, compared to approximately \$98.3 million for the prior year. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2019, the District's unassigned fund balance for all governmental funds was approximately \$38.3 million, which solely represents the General Fund. The remaining fund balance is comprised of approximately \$11.5 million restricted for debt service, approximately \$10.7 million restricted for capital projects, approximately \$3.7 million restricted for food service, approximately \$0.4 million in nonspendable fund balance (representing prepaid items and inventories), an assigned use of fund balance of approximately \$0.8 that was appropriated in the fiscal year 2020 General Fund budget, approximately \$5.3 million assigned for recruitment and retention bonuses, approximately \$2.0 million assigned for special education programs, and approximately \$11.5 million assigned for capital projects.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was approximately \$39.5 million, of which approximately \$38.3 million was unassigned.

The District's General Fund balance increased approximately \$1.3 million from the prior year, a change of approximately (\$2.7) million from the prior year's increase of approximately \$4.0 million. This decrease was primarily due to a transfer to the Special Revenue Fund of \$2.8 million to be used for future recruitment and retention bonuses. Revenues for the current year were approximately \$156.9 million, increasing by approximately \$6.8 million from the prior year. This increase is due primarily to an increase in state revenue and property tax revenues. The increase in state revenue (approximately \$2.4 million) is due primarily to an increase in the base student cost and an increase in fringe benefits employer contributions. The increase in property tax revenues (approximately \$3.6 million) is due to an increase in assessed values and a higher operating millage rate of 159.4 mills (increase of 6 mills from the prior year). Expenditures for the current year were approximately \$158.3 million, increasing by approximately \$7.3 million from the prior year primarily due to higher wages ("Step" increase for teachers and a 1% cost of living increase), benefits, and operating costs. The unassigned fund balance of approximately \$38.3 million at June 30, 2019 in the General Fund represents 24% of General Fund expenditures for 2019.

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

The Food Service Fund is utilized to account for the District's food service program. This Food Service Fund decreased by approximately \$1.0 million during 2019 to approximately \$3.7 million at June 30, 2019, as expenditures of approximately \$8.6 million exceeded revenues of approximately \$7.6 million. The planned decrease in fund balance was due to the replacement of food service equipment.

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

MANAGEMENT’S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2019

FUND ANALYSIS (CONTINUED)

The Debt Service Fund is used to account for the accumulation of funds for debt service. The District’s debt millage rate remained at 52.0 mills. The fund balance in the Debt Service Fund decreased approximately \$0.2 million in 2019 to approximately \$11.5 million, as expenditures and other financing uses of approximately \$26.4 million exceeded revenues of approximately \$26.2 million. The entire fund balance is restricted for the future payment of debt service.

The Capital Projects Fund is utilized to account for the District’s major capital project expenditures. The Capital Projects Fund decreased by approximately \$19.6 million during 2019 to approximately \$22.2 million at June 30, 2019, as expenditures for various technology purchases and construction projects of approximately \$29.7 million exceeded other financing sources of approximately \$9.3 million and revenues of approximately \$0.8 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District’s General Fund budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Board of Trustees adopted a balanced budget that reflected total revenue and other sources of \$160.7 million. During the course of 2019, there were no amendments to the General Fund budget.

At the end of 2019, the General Fund had a positive total budget to actual variance of \$1.3 million. Local revenue, primarily ad valorem taxes and revenue in lieu of taxes, were less than budgeted by \$0.6 million. State revenues exceeded budget by approximately \$2.3 million primarily due to an increase in fringe benefit contributions and the District receiving a state funded retirement credit from PEBA. Expenditures were less than budgeted by approximately \$2.4 million. The net change in fund balance (an increase of approximately \$1.3 million) was better than the break even budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had approximately \$316.8 million invested in capital assets, net of depreciation. The table below shows capital asset balances as of June 30, 2019 compared to June 30, 2018:

Capital Assets, Net

| | Governmental Activities | |
|----------------------------|-------------------------|-----------------------|
| | June 30, 2019 | June 30, 2018 |
| Land | \$ 10,368,518 | \$ 11,118,518 |
| Construction in Progress | 56,614,857 | 60,857,450 |
| Buildings and Improvements | 241,149,848 | 222,531,124 |
| Furniture and Equipment | 8,665,188 | 7,457,428 |
| Totals | <u>\$ 316,798,411</u> | <u>\$ 301,964,520</u> |

The total increase in the District’s capital assets balance for 2019 was approximately \$14.8 million or 5%. Significant capital asset events during the current fiscal year included the following:

- Total capital asset additions of \$26.0 million consisted primarily of:
 - Construction in progress totaling approximately \$23.5 million which was primarily related to a number of building renovations, restroom renovations, roofing, and athletic improvements.
 - Purchase of equipment totaling approximately \$2.3 million.
 - Purchase of buildings and improvement assets of approximately \$0.2 million.
- Depreciation expense of approximately \$10.5 million.
- Disposals of capital assets of approximately \$0.7 million.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The District has outstanding commitments of approximately \$9,035,000 at June 30, 2019.

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

Debt Administration

At year-end, the District had approximately \$177.4 million in indebtedness (excluding bond premiums), compared to approximately \$187.2 million in the prior year. The outstanding indebtedness of the District decreased approximately \$9.8 million (5%) in the current year as shown in the table below. All of the District's bonded debt is backed by the full faith and credit of the District as is typical with general obligation bond indebtedness.

Outstanding Indebtedness

| | Governmental Activities | |
|--|-------------------------|-----------------------|
| | June 30, 2019 | June 30, 2018 |
| GO Bond - September 23, 2009 | \$ - | \$ 1,040,000 |
| GO Bond - February 19, 2014 | 10,970,000 | 12,235,000 |
| GOR Bond - March 12, 2015 | 48,415,000 | 51,640,000 |
| GO Bond - September 29, 2016 | 11,665,000 | 11,665,000 |
| GO Bond - July 13, 2017 | 103,825,000 | 107,575,000 |
| Note Payable - Equipment Acquisition and Use Agreement | 2,560,000 | 3,045,000 |
| Total Outstanding Indebtedness | <u>\$ 177,435,000</u> | <u>\$ 187,200,000</u> |

Key highlights related to the District's total indebtedness for 2019 are as follows:

- Principal payments of approximately \$9.8 million were made on the outstanding debt.

Section 15 of Article X of the South Carolina State Constitution allows Districts to incur a legal debt limit not to exceed 8% of the assessed value of all taxable property in the District, unless approved by a majority vote in a referendum authorized by law. At June 30, 2019, the District's assessed property valuation was approximately \$507.9 million. The District had no bonded debt subject to the 8% limit of approximately \$40.6 million.

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

ECONOMIC FACTORS

Rock Hill School District Three is located in York County with the entire city of Rock Hill being encompassed by the District. York County is located in the northern Piedmont portion of South Carolina and shares a common border with North Carolina. Rock Hill is the largest city in York County and is located less than 30 miles from Charlotte-Douglas International Airport, the 6th busiest airport in the world.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2019

ECONOMIC FACTORS (CONTINUED)

Rock Hill is home to three higher education institutions: Winthrop University, York County Technical College, and Clinton College. Winthrop University is ranked #8 in best colleges for veterans, #10 in most innovative schools, #11 in best undergraduate teaching, and #17 in regional universities south in the 2020 U.S. News & World Report's edition of "America's Best Colleges." York County Technical College offers over 100 programs for two year associate degrees, certificates, professional development programs, and university transfer students. Clinton College is sponsored by the AME Zion Church with a primary focus of liberal arts. Rock Hill includes many global companies such as Atlas Copco, 3D Systems, and Coroplast. There are a number of business and industrial parks in Rock Hill to include Knowledge Park, TechPark, SouthCross Corporate Center, Waterford Business Park and Riverwalk Business Park.

2020 BUDGETS

In June 2019, the Board of Trustees approved a balanced General Fund budget of approximately \$172.6 million for the year ended June 30, 2019 ("2020"). This budget represents a 7% increase from the 2019 General Fund budget of \$160.7 million. The 2020 General Fund budget includes a step increase for eligible certified teachers and all other eligible employees, a cost of living adjustment of 4%, increase beginning teacher salaries to \$40,000, a 10% increase in athletic supplements, a 5% increase in academic supplements, an increase in employer retirement rate of 1% plus a 0.2% retirement surcharge and an increase for utilities. The budget includes 8 FTE's for mental health counselors, nurses, a security technician, and 18 elementary school security officers to support the district's focus on safety & security. The budget also includes 12 FTE's for special education teachers and assistants, a physical therapist and immersion teachers to support the district's focus on student achievement. The budget includes a six mill increase in operating tax millage as allowed by local legislation and an increase in the base student cost of \$4 to \$2,489 per weighted pupil unit.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

(This page intentionally left blank.)

Basic Financial Statements

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

STATEMENT OF NET POSITION

JUNE 30, 2019

| | PRIMARY GOVERNMENT | COMPONENT UNIT |
|--|------------------------------------|---------------------------|
| | Governmental Activities | Charter School |
| ASSETS | | |
| Cash and Cash Equivalents | \$ 77,221,933 | \$ 292,351 |
| Cash and Cash Equivalents, Restricted | 3,125,298 | - |
| Investments | - | 210,119 |
| Cash and Investments Held by County Treasurer | 24,097,568 | - |
| Property Taxes Receivable, Net | 13,706,757 | - |
| Accounts Receivable | 348,183 | 12,215 |
| Due from State | 123,327 | - |
| Due from Federal | 1,520,151 | - |
| Due from Other Governments | - | 5,467 |
| Inventories and Prepaid Items | 389,153 | - |
| Capital Assets: | | |
| Non-Depreciable | 66,983,375 | - |
| Depreciable, Net | 249,815,036 | 60,471 |
| TOTAL ASSETS | 437,330,781 | 580,623 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Pension Charges | 25,844,878 | 361,392 |
| Deferred Other Postemployment Benefit Charges | 9,476,225 | 27,918 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 35,321,103 | 389,310 |
| LIABILITIES | | |
| Accounts Payable | 7,129,107 | 5,951 |
| Accrued Salaries, Fringe, and Benefits | 12,661,863 | 16,554 |
| Retainage Payable | 212,554 | - |
| Accrued Interest Payable | 2,519,193 | - |
| Unearned Revenue | 2,947,627 | 2,220 |
| Non-Current Liabilities: | | |
| Long-Term Obligations - Due Within One Year | 11,051,481 | - |
| Long-Term Obligations - Due in More than One Year | 185,231,539 | - |
| Net Pension Liability - Due in More than One Year | 213,988,497 | 760,113 |
| Net Other Postemployment Benefit Liability - Due in More than One Year | 170,111,070 | 577,593 |
| TOTAL LIABILITIES | 605,852,931 | 1,362,431 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Pension Credits | 4,873,177 | 387,514 |
| Deferred Other Postemployment Benefit Credits | 15,407,049 | 85,462 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 20,280,226 | 472,976 |
| NET POSITION | | |
| Net Investment in Capital Assets | 131,794,406 | 60,471 |
| Restricted For: | | |
| Debt Service | 12,169,503 | - |
| Food Service | 3,715,231 | - |
| Unrestricted | (301,160,413) | (925,945) |
| TOTAL NET POSITION | \$ (153,481,273) | \$ (865,474) |

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

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2019

| | GENERAL | SPECIAL REVENUE | SPECIAL REVENUE - EIA |
|---|----------------------|--------------------|-----------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 65,229,105 | - | - |
| Cash and Cash Equivalents, Restricted | - | - | - |
| Cash and Investments Held by County Treasurer | 5,826,982 | - | - |
| Receivables, Net: | | | |
| Taxes | 10,381,628 | - | - |
| Accounts | 151,214 | 146,429 | - |
| Due From: | | | |
| State | - | - | 123,327 |
| Federal | - | 1,509,581 | - |
| Other Funds | 341,110 | 6,375,804 | 2,142,343 |
| Prepaid Items | 126,307 | - | - |
| Inventories | 262,846 | - | - |
| TOTAL ASSETS | \$ 82,319,192 | 8,031,814 | 2,265,670 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| LIABILITIES: | | | |
| Accounts Payable | \$ 7,129,107 | - | - |
| Accrued Salaries, Fringe, and Benefits | 12,661,863 | - | - |
| Retainage Payable | - | - | - |
| Due To: | | | |
| Other Funds | 12,871,025 | - | - |
| Unearned Revenue | - | 681,957 | 2,265,670 |
| TOTAL LIABILITIES | 32,661,995 | 681,957 | 2,265,670 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue - Property Taxes | 10,167,119 | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 10,167,119 | - | - |
| FUND BALANCES: | | | |
| Fund Balances | | | |
| Nonspendable For: | | | |
| Prepaid Items | 126,307 | - | - |
| Inventories | 262,846 | - | - |
| Restricted For: | | | |
| Debt Service | - | - | - |
| Capital Projects | - | - | - |
| Food Service | - | - | - |
| Assigned For: | | | |
| Appropriated for Use in FY 2020 Budget | 780,389 | - | - |
| Recruitment and Retention Bonuses | - | 5,280,373 | - |
| Special Educational Programs | - | 2,069,484 | - |
| Capital Projects | - | - | - |
| Unassigned | 38,320,536 | - | - |
| TOTAL FUND BALANCES | 39,490,078 | 7,349,857 | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 82,319,192 | 8,031,814 | 2,265,670 |

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

| SPECIAL REVENUE - FOOD SERVICE | DEBT SERVICE | CAPITAL PROJECTS | TOTAL GOVERNMENTAL FUNDS |
|--------------------------------------|-------------------|---------------------|--------------------------------|
| - | - | 11,992,828 | \$ 77,221,933 |
| - | - | 3,125,298 | 3,125,298 |
| - | 10,715,350 | 7,555,236 | 24,097,568 |
| - | 3,325,129 | - | 13,706,757 |
| - | - | 50,540 | 348,183 |
| - | - | - | 123,327 |
| 10,570 | - | - | 1,520,151 |
| 3,704,661 | 648,217 | - | 13,212,135 |
| - | - | - | 126,307 |
| - | - | - | 262,846 |
| 3,715,231 | 14,688,696 | 22,723,902 | \$ 133,744,505 |
| - | - | - | \$ 7,129,107 |
| - | - | - | 12,661,863 |
| - | - | 212,554 | 212,554 |
| - | - | 341,110 | 13,212,135 |
| - | - | - | 2,947,627 |
| - | - | 553,664 | 36,163,286 |
| - | 3,197,112 | - | 13,364,231 |
| - | 3,197,112 | - | 13,364,231 |
| - | - | - | 126,307 |
| - | - | - | 262,846 |
| - | 11,491,584 | - | 11,491,584 |
| - | - | 10,680,534 | 10,680,534 |
| 3,715,231 | - | - | 3,715,231 |
| - | - | - | 780,389 |
| - | - | - | 5,280,373 |
| - | - | - | 2,069,484 |
| - | - | 11,489,704 | 11,489,704 |
| - | - | - | 38,320,536 |
| 3,715,231 | 11,491,584 | 22,170,238 | 84,216,988 |
| 3,715,231 | 14,688,696 | 22,723,902 | \$ 133,744,505 |

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

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

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

JUNE 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 84,216,988**

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

| | |
|--|---------------|
| Outstanding property taxes and other revenues which will be collected in the future, but are not available soon enough to pay for the current period's expenditures, are therefore unavailable in the funds. | 13,364,231 |
| Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$471,431,282, and the accumulated depreciation is \$154,632,871. | 316,798,411 |
| The District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. | (193,016,796) |
| The District's proportionate shares of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State OPEB plan are not recorded in the governmental funds but are recorded in the Statement of Net Position. | (176,041,894) |
| Interest is recorded as an expenditure when due and payable in the governmental funds. Interest is recorded in the government-wide statements when it is due. This amount represents the amount of interest due but unpaid at year-end. | (2,519,193) |
| Long-term liabilities, including bond premiums, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities consisted of the following: | |
| Long-Term Debt | (177,435,000) |
| Net Bond Premiums | (18,249,539) |
| Compensated Absences | (598,481) |
| | (196,283,020) |

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (153,481,273)**

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

(This page intentionally left blank.)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

| | GENERAL | SPECIAL REVENUE | SPECIAL REVENUE - EIA |
|--|----------------------|--------------------|-----------------------------|
| REVENUES | | | |
| Local Sources: | | | |
| Taxes | \$ 56,915,187 | - | - |
| Investment Earnings | 1,235,364 | - | - |
| Other Local Sources | 497,454 | 4,021,055 | - |
| State Sources | 98,245,660 | 3,708,246 | 11,755,679 |
| Federal Sources | - | 9,434,091 | - |
| Intergovernmental Revenue | - | 574,910 | - |
| TOTAL REVENUES | 156,893,665 | 17,738,302 | 11,755,679 |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 90,858,669 | 8,018,754 | 5,021,950 |
| Support Services | 65,692,692 | 5,119,512 | 1,661,209 |
| Community Services | 141,768 | 23,493 | - |
| Intergovernmental | 533,211 | 1,439,687 | - |
| Capital Outlay | 1,078,899 | 59,022 | - |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest and Fiscal Charges | - | - | - |
| Other Charges | - | - | - |
| TOTAL EXPENDITURES | 158,305,239 | 14,660,468 | 6,683,159 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,411,574) | 3,077,834 | 5,072,520 |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from the Sale of Capital Assets | 21,105 | - | - |
| Premium on Issuance of Bonds | - | - | - |
| Transfers In | 5,521,536 | 2,837,143 | - |
| Transfers Out | (2,856,503) | (449,015) | (5,072,520) |
| TOTAL OTHER FINANCING SOURCES (USES) | 2,686,138 | 2,388,128 | (5,072,520) |
| NET CHANGES IN FUND BALANCES | 1,274,564 | 5,465,962 | - |
| FUND BALANCES, Beginning of Year | 38,215,514 | 1,883,895 | - |
| FUND BALANCES, End of Year | \$ 39,490,078 | 7,349,857 | - |

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

| SPECIAL REVENUE - FOOD SERVICE | DEBT SERVICE | CAPITAL PROJECTS | TOTAL GOVERNMENTAL FUNDS |
|--------------------------------------|-------------------|---------------------|--------------------------------|
| - | 24,441,787 | - | \$ 81,356,974 |
| - | 262,489 | 811,751 | 2,309,604 |
| 1,866,333 | - | 500 | 6,385,342 |
| - | 1,508,634 | - | 115,218,219 |
| 5,689,079 | - | - | 15,123,170 |
| - | - | - | 574,910 |
| 7,555,412 | 26,212,910 | 812,251 | 220,968,219 |
| - | - | 98,772 | 103,998,145 |
| 7,741,172 | - | 7,009,199 | 87,223,784 |
| - | - | - | 165,261 |
| - | - | - | 1,972,898 |
| 865,303 | - | 22,551,794 | 24,555,018 |
| - | 9,765,000 | - | 9,765,000 |
| - | 8,092,553 | - | 8,092,553 |
| - | 3,863 | 49,090 | 52,953 |
| 8,606,475 | 17,861,416 | 29,708,855 | 235,825,612 |
| (1,051,063) | 8,351,494 | (28,896,604) | (14,857,393) |
| 4,608 | - | 682,268 | 707,981 |
| - | - | 64,819 | 64,819 |
| 19,359 | - | 8,511,515 | 16,889,553 |
| - | (8,511,515) | - | (16,889,553) |
| 23,967 | (8,511,515) | 9,258,602 | 772,800 |
| (1,027,096) | (160,021) | (19,638,002) | (14,084,593) |
| 4,742,327 | 11,651,605 | 41,808,240 | 98,301,581 |
| 3,715,231 | 11,491,584 | 22,170,238 | \$ 84,216,988 |

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

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

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

YEAR ENDED JUNE 30, 2018

| | |
|---|------------------------|
| TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS | \$ (14,084,593) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities. | 2,367,081 |
| Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | 9,765,000 |
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the change in accrued interest and bond premiums not capitalized in the current year. | 147,265 |
| Bond premiums are recorded in the year they are received in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities. This amount is the amortization of the premiums in the current year. | 1,129,552 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | 131,656 |
| Changes in the District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the State retirement plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities. | (4,090,688) |
| Changes in the District's proportionate shares of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources for its participation in the State OPEB Plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities. | (2,171,990) |
| In the Statement of Activities the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed. | (765,061) |
| Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$26,055,675 exceeded depreciation expense of \$10,456,723 in the current year. | 15,598,952 |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ 8,027,174 |

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

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

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2019

| | <u>AGENCY</u> |
|------------------------------|----------------------------|
| ASSETS | |
| Receivables | \$ 1,367,107 |
| TOTAL ASSETS | <u><u>\$ 1,367,107</u></u> |
| LIABILITIES | |
| Due to Student Organizations | \$ 1,367,107 |
| TOTAL LIABILITIES | <u><u>\$ 1,367,107</u></u> |

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

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

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

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

Investments

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the Federal Savings and Loan Insurance Corporation.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Investments (Continued)

- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net position value of one dollar a share and to that end, value its assets by the amortized cost method.

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

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

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

2. Receivables and Payables

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Prepaid Items and Inventories

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

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

4. Capital Assets

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

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

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

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

5. Compensated Absences

The District reports compensated absences in accordance with GASB Statement No. 16 "*Accounting for Compensated Absences.*" The entire compensated absence liability and expense is reported on the government-wide financial statements. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements. The District's policy is to pay any salary-related payments, including accumulated vacation leave, upon termination up to 10 days. However, employees may accumulate vacation leave up to 20 days to be taken as time off. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Accrued Liabilities and Long-Term Obligations

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

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has two types of deferred outflows of resources: (1) The District reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. (2) The District reports *deferred OPEB charges* in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has three types of deferred inflows of resources: (1) The District reports *unavailable revenue* for property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The District also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. (3) The District reports *deferred OPEB credits* in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Balance

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

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

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

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

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

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

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

9. Net Position

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Pensions and Other Postemployment Benefits

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

11. Fair Value

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fair Value (Continued)

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

12. Encumbrances

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

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

14. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Accounting

State statutes require a budget for operations to be approved before expenditures are incurred. The Board will usually approve the operating budget in June for the fiscal year beginning July 1. A budget is adopted by July of each fiscal year for the General Fund, on the same modified accrual basis used to reflect actual revenues and expenditures in the fund financial statements. The Board does not adopt a budget for the special revenue funds. Special revenue fund budgets are controlled in conformance with the specific requirements of those funds (i.e. federal and state grant funds available are based on award amounts and the State EIA funds are based on state appropriation). In addition, no budgets are prepared for the Debt Service and Capital Projects funds.

A budget and actual comparison is presented in the accompanying fund financial statements for the General Fund. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts adopted in the original appropriation. The amounts reported as the final budgeted amounts in the budgetary schedules reflect the amounts in the final amended budget approved for the current year. This budget is prepared by function and object as dictated by the State-adopted Program Oriented Budgeting and Accounting System and for management control purposes. The District's policies allow funds to be transferred between functions with administrative approval. The total budget cannot be increased beyond that level approved by the Board originally and in supplementary action. The legal level of control is at the fund level.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Accounting (Continued)

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

- a. In the winter, the District sets its budget calendar for the preparation of the budget for the next succeeding fiscal year.
- b. The Finance Department develops each school's allocation based on a membership projection. Each principal uses this allocation to develop the individual school budgets.
- c. The District's Cabinet members consisting of the superintendent, chiefs, and executive directors, review the requests and prioritize budget request and present a proposed budget to the Board.
- d. After review and preliminary approval by the Board, the proposed budget is presented at a public hearing. Following the public hearing, the Board adopts the budget.

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2019, none of the District's bank balances of approximately \$9,206,000 (which had a carrying value of approximately \$7,783,000) were exposed to custodial credit risk.

Investments

As of June 30, 2019, the District had the following investments:

| Investment Type | Fair Value Level (1) | Credit Rating | Fair Value | Weighted Average Maturity Less than One Year |
|---|-------------------------|------------------|---------------|---|
| State Local Government Investment Pool | N/A | Unrated | \$ 72,564,518 | \$ 72,564,518 |
| Cash and Investments Held by County Treasurer * | N/A | Unrated | 24,097,569 | 24,097,569 |
| Total | | | \$ 96,662,087 | \$ 96,662,087 |

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

(1) See Note I.C.11 for details of the District's fair value hierarchy.

N/A - Not Applicable

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

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

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2019, none of the District's investments were exposed to custodial credit risk.

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

For the year ended June 30, 2019, millage for property taxes was set at 159.4 mills (increase of 6 mills from the prior year) to cover the District's general operations. The millage to cover the District's scheduled debt service requirements was set at 52.0 mills (no change from the prior year). In addition, the District receives a prorated share, based on pupil attendance, of the County-wide 29 mill levy for school operations that is divided between the four school districts within the County, and an additional County-wide special 1 mill levy for school operation for the school district having the lowest assessed valuation in the County, which is York School District One.

Receivables for property taxes are reported net of the allowance for uncollectible accounts. Taxes receivable of approximately \$10,382,000 in the General Fund and approximately \$3,325,000 in the Debt Service Fund are reported net of an allowance for uncollectible amounts of approximately \$722,000 and \$201,000, respectively. Allowances for uncollectible amounts were not necessary for the other receivable accounts.

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period (unavailable revenues). Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenues). At June 30, 2019, unavailable revenue related to property taxes reported in the governmental funds totaled approximately \$10,167,000 and \$3,197,000 in the General Fund and Debt Service Fund, respectively. Unearned revenues in the special revenue funds totaled approximately \$2,948,000 at June 30, 2019.

Intergovernmental receivables at June 30, 2019 consisted of intergovernmental grants and reimbursements. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables at June 30, 2019 were as follows:

| | |
|--|---------------------|
| Due from Federal Government: | |
| Special Revenue - Food Service Fund | \$ 10,570 |
| Special Revenue Fund | 1,509,581 |
| Total Due from Federal Government | <u>1,520,151</u> |
| Due from State Agencies: | |
| Special Revenue - Education Improvement Act Fund | <u>123,327</u> |
| Total Due from State Agencies | <u>123,327</u> |
| Total Intergovernmental Receivables | <u>\$ 1,643,478</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the District for the year ended June 30, 2019, was as follows:

| Governmental Activities: | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|-----------------------|--------------------|--------------------|---------------------|-----------------------|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 11,118,518 | - | (750,000) | - | \$ 10,368,518 |
| Construction in Progress | 60,857,450 | 23,507,794 | - | (27,750,387) | 56,614,857 |
| Total Capital Assets, Non-Depreciable | <u>71,975,968</u> | <u>23,507,794</u> | <u>(750,000)</u> | <u>(27,750,387)</u> | <u>66,983,375</u> |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings and Improvements | 353,194,285 | 212,721 | - | 27,457,471 | 380,864,477 |
| Furniture and Equipment | 22,256,057 | 2,335,160 | (1,300,703) | 292,916 | 23,583,430 |
| Total Capital Assets Depreciable | <u>375,450,342</u> | <u>2,547,881</u> | <u>(1,300,703)</u> | <u>27,750,387</u> | <u>404,447,907</u> |
| Less: Accumulated Depreciation For: | | | | | |
| Buildings and Improvements | 130,663,161 | 9,051,468 | - | - | 139,714,629 |
| Furniture and Equipment | 14,798,629 | 1,405,255 | (1,285,642) | - | 14,918,242 |
| Total Accumulated Depreciation | <u>145,461,790</u> | <u>10,456,723</u> | <u>(1,285,642)</u> | <u>-</u> | <u>154,632,871</u> |
| Total Capital Assets, Depreciable, Net | <u>229,988,552</u> | <u>(7,908,842)</u> | <u>(15,061)</u> | <u>27,750,387</u> | <u>249,815,036</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 301,964,520</u> | <u>15,598,952</u> | <u>(765,061)</u> | <u>-</u> | <u>\$ 316,798,411</u> |

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

| | Capital Asset Additions | Depreciation Expense |
|--|----------------------------|-------------------------|
| Instruction | \$ - | \$ 5,971,661 |
| Support Services | 26,055,675 | 4,485,062 |
| Total Charged to Governmental Activities | <u>\$ 26,055,675</u> | <u>\$ 10,456,723</u> |

The District has outstanding commitments related to construction totaling approximately \$9,035,000 at June 30, 2019.

D. Long-Term Obligations

The District issues bonds to provide funds for the acquisition and construction of major capital facilities for its governmental activities. General obligation bonds (“GOB”) and general obligation refunding bonds (“GORB”) are direct obligations and pledge the full faith and credit of the District and are subject to the 8% debt limit requirement if not issued under a bond referendum. Note payable obligations are direct obligations of the District payable from the general revenues of the District. The full faith, credit, and taxing powers of the District are not pledged for the payment of note payable obligation nor the interest thereon.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

The District's outstanding GOB and GORB are publicly traded debt. The District's outstanding note payable is a direct borrowing/placement and contains provisions that in an event of default, (a) outstanding amounts can become immediately due if the District is unable to make payment and (b) the lessor could exercise its option to demand return of the financed assets.

A summary of changes in long-term obligations for the year ended June 30, 2019 is as follows:

| Governmental Activities | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|-----------------------|----------------|-------------------|--------------------|------------------------|
| Bonds (Publicly Traded): | | | | | |
| Series 2009A GOB * | \$ 1,040,000 | - | 1,040,000 | - | \$ - |
| Series 2014A GOB * | 12,235,000 | - | 1,265,000 | 10,970,000 | 1,670,000 |
| Series 2015A GORB * | 51,640,000 | - | 3,225,000 | 48,415,000 | 2,645,000 |
| Series 2016C GORB * | 11,665,000 | - | - | 11,665,000 | 955,000 |
| Series 2017B GOB * | 107,575,000 | - | 3,750,000 | 103,825,000 | 4,690,000 |
| Total Bonds | 184,155,000 | - | 9,280,000 | 174,875,000 | 9,960,000 |
| Note Payable (Direct Borrowing/Placement) | | | | | |
| 2016 Note Payable * | 3,045,000 | - | 485,000 | 2,560,000 | 493,000 |
| Gross Debt | 187,200,000 | - | 9,765,000 | 177,435,000 | 10,453,000 |
| Unamortized Bond Premiums | 19,379,091 | - | 1,129,552 | 18,249,539 | - |
| Net Debt | 206,579,091 | - | 10,894,552 | 195,684,539 | 10,453,000 |
| Compensated Absences | 730,137 | 507,099 | 638,755 | 598,481 | 598,481 |
| Total Governmental Activities | \$ 207,309,228 | 507,099 | 11,533,307 | 196,283,020 | \$ 11,051,481 |

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

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

Long-term debt consists of the following at June 30, 2019:

| Date/Description of Issue | Interest Rate | Payment Dates | Maturity | Original Issue Amount | Outstanding Balance |
|--|---------------|------------------|----------|--------------------------|------------------------|
| February 19, 2014 - Series 2014A | 2.00 - 5.00% | Mar./Sept. | 2025 | \$ 16,170,000 | \$ 10,970,000 |
| March 12, 2015 - Series 2015A | 3.00 - 5.00% | Mar./Sept. | 2032 | 53,810,000 | 48,415,000 |
| September 29, 2016 - Series 2016C | 2.00-5.00% | Mar./Sept. | 2029 | 11,665,000 | 11,665,000 |
| December 23, 2016 - 2016 Notes Payable | 1.86% | December | 2024 | 3,525,000 | 2,560,000 |
| July 13, 2017 - Series 2017B | 5.00% | Mar./Sept. | 2031 | 110,000,000 | 103,825,000 |
| Total Long-Term Debt | | | | \$ 195,170,000 | \$ 177,435,000 |

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

The following table represents debt service requirements on all outstanding long-term indebtedness through maturity for the District as of June 30, 2019:

| Year Ended June 30, | Publicly Traded | | Direct Borrowing/Placement | | Total |
|------------------------|-----------------------|-------------------|----------------------------|----------------|-----------------------|
| | Principal | Interest | Principal | Interest | |
| 2020 | \$ 9,960,000 | 7,474,475 | 493,000 | 47,488 | \$ 17,974,963 |
| 2021 | 8,400,000 | 7,009,875 | 503,000 | 38,343 | 15,951,218 |
| 2022 | 8,810,000 | 6,589,875 | 512,000 | 29,012 | 15,940,887 |
| 2023 | 9,225,000 | 6,185,575 | 521,000 | 19,515 | 15,951,090 |
| 2024 | 9,660,000 | 5,801,525 | 531,000 | 9,850 | 16,002,375 |
| 2025-2029 | 49,520,000 | 22,243,450 | - | - | 71,763,450 |
| 2030-2034 | 49,815,000 | 11,865,190 | - | - | 61,680,190 |
| 2035-2037 | 29,485,000 | 2,309,800 | - | - | 31,794,800 |
| Totals | <u>\$ 174,875,000</u> | <u>69,479,765</u> | <u>2,560,000</u> | <u>144,208</u> | <u>\$ 247,058,973</u> |

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, 2018, there were no amounts outstanding for arbitrage rebates.

Article X, Section 15 of the Constitution of the State of South Carolina, as amended, empowers each school district of the State to incur general obligation debt in such manner and upon such terms and conditions as the General Assembly shall prescribe by law. After November 30, 1982, each school district may incur general obligation debt, without an election and upon such terms and conditions as the General Assembly may prescribe, in an amount not exceeding 8% of the assessed value of all taxable property of such school district. Bonded indebtedness existing on November 30, 1982, and bonded indebtedness authorized by a majority vote of the qualified electors of the District voting in a referendum will not be considered in the computation of the 8% limitation. The District currently has no outstanding bonded indebtedness that is subject to the 8% debt limit of approximately \$40,633,000 at June 30, 2019.

E. Short-Term Obligations

The following is a summary of the changes in the District's short-term obligations for the year ended June 30, 2019:

| Governmental Activities: | Beginning | Additions | Reductions | Ending |
|-------------------------------|-------------|------------------|------------------|-------------|
| | Balance | | | Balance |
| Series 2018D GOB | \$ - | 9,053,000 | 9,053,000 | \$ - |
| Total Governmental Activities | <u>\$ -</u> | <u>9,053,000</u> | <u>9,053,000</u> | <u>\$ -</u> |

The District issued a short-term Series 2018D General Obligation Bond ("Series 2018D GOB") in September 2018 for approximately \$9,053,000 with an interest rate of 3.5%. The Series 2018D GOB was issued to fund capital needs. The bond plus interest of approximately \$136,000 was repaid in March 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Interfund Receivables/Payables

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

Interfund receivables and payables at June 30, 2019, all of which are expected to be repaid within one year, are summarized as follows:

| | Receivables | Payables |
|-------------------------------------|----------------------|----------------------|
| <u>Governmental Funds:</u> | | |
| General Fund | \$ 341,110 | \$ 12,871,025 |
| Special Revenue Fund | 6,375,804 | - |
| Special Revenue - EIA Fund | 2,142,343 | - |
| Special Revenue - Food Service Fund | 3,704,661 | - |
| Debt Service Fund | 648,217 | - |
| Capital Projects Fund | - | 341,110 |
| Totals | <u>\$ 13,212,135</u> | <u>\$ 13,212,135</u> |

G. Transfers In/Out

During the course of normal operations, the District has transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reflected as transfers. Funds are transferred into the General Fund from other funds to cover Education Improvement Act raises for teachers, indirect costs for federal programs and the required Medicaid match. Funds are transferred from the General Fund to the Capital Projects Fund and Debt Service Fund for capital needs for each school. Funds are transferred from the General Fund to the Special Revenue Funds for recruitment and retention bonuses. Funds are transferred from the General Fund to the Food Service Fund for reimbursement of fringe-related costs.

Transfers between funds for the year ended June 30, 2019, consisted of the following:

| | Transfers In | Transfers Out |
|-------------------------------------|----------------------|----------------------|
| <u>Governmental Funds:</u> | | |
| General Fund | \$ 5,521,536 | \$ 2,856,503 |
| Special Revenue Fund | 2,837,143 | 449,015 |
| Special Revenue - EIA Fund | - | 5,072,520 |
| Special Revenue - Food Service Fund | 19,359 | - |
| Debt Service Fund | - | 8,511,515 |
| Capital Projects Fund | 8,511,515 | - |
| Totals | <u>\$ 16,889,553</u> | <u>\$ 16,889,553</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION

A. Retirement Plans

The District participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"). The PEBA, created on July 1, 2012 and governed by an 11-member Board of Directors ("PEBA Board"), is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, the PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission ("RSIC") and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

Plan Description

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

Plan Membership

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Membership (Continued)

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

Plan Benefits

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Benefits (Continued)

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

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the PEBA Board, are insufficient to maintain the period set in statute, the PEBA Board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for the SCRS and the PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24 percent for the PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization period.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

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

| | SCRS and State ORP Rates | | | PORS Rates | | |
|--|--------------------------|---------------|---------------|---------------|---------------|---------------|
| | 2017 | 2018 | 2019 | 2017 | 2018 | 2019 |
| Employer Contribution Rate: [^] | | | | | | |
| Retirement* | 11.41% | 13.41% | 14.41% | 13.84% | 15.84% | 16.84% |
| Incidental Death Benefit | 0.15% | 0.15% | 0.15% | 0.20% | 0.20% | 0.20% |
| Accidental Death Contributions | 0.00% | 0.00% | 0.00% | 0.20% | 0.20% | 0.20% |
| | <u>11.56%</u> | <u>13.56%</u> | <u>14.56%</u> | <u>14.24%</u> | <u>16.24%</u> | <u>17.24%</u> |
| Employee Contribution Rate | <u>8.66%</u> | <u>9.00%</u> | <u>9.00%</u> | <u>9.24%</u> | <u>9.75%</u> | <u>9.75%</u> |

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

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

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

| Year Ended June 30, | SCRS Contributions | | State ORP Contributions | | PORS Contributions | |
|------------------------|--------------------|---------------|-------------------------|---------------|--------------------|---------------|
| | Required | % Contributed | Required | % Contributed | Required | % Contributed |
| 2019 | \$ 13,413,646 | 100% | 1,132,675 | 100% | \$ 11,337 | 100% |
| 2018 | 12,356,369 | 100% | 1,055,669 | 100% | 10,925 | 100% |
| 2017 | \$ 10,491,438 | 100% | 747,363 | 100% | \$ 9,735 | 100% |

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2018. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2018 (measurement date) to the District were approximately \$1,002,000 and \$1,000 for the SCRS and PORS, respectively.

The District recognized contributions from the State of approximately \$1,002,000 and \$1,000 for the year ended June 30, 2019. These contributions by the State are recognized as intergovernmental revenues and pension expenditures in the District's governmental fund financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

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

| Year Ended June 30, | SCRS Payroll | State ORP Payroll | PORS Payroll | Total Payroll |
|------------------------|---------------|-------------------|--------------|------------------|
| 2019 | \$ 92,126,691 | 11,848,064 | 65,758 | \$ 104,040,513 |
| 2018 | 91,123,664 | 12,332,585 | 67,273 | 103,523,522 |
| 2017 | \$ 93,756,383 | 11,392,726 | 68,365 | \$ 105,217,474 |

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2018 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”), and are based on an actuarial valuation performed as of July 1, 2017. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018 for the SCRS and PORS.

| | SCRS | PORS |
|-----------------------------|-----------------------------------|----------------------------------|
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Actuarial Assumptions: | | |
| Investment Rate of Return* | 7.25% | 7.25% |
| Projected Salary Increases* | 3.0% to 12.5% (varies by service) | 3.5% to 9.5% (varies by service) |
| Benefit Adjustments | Lesser of 1% or \$500 annually | Lesser of 1% or \$500 annually |

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (“2016 PRSC”), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

| Former Job Class | Males | Females |
|---|------------------------------------|--------------------------------------|
| Educators | 2016 PRSC Males multiplied by 92% | 2016 PRSC Females multiplied by 98% |
| General Employees and Members of the General Assembly | 2016 PRSC Males multiplied by 100% | 2016 PRSC Females multiplied by 111% |
| Public Safety and Firefighters | 2016 PRSC Males multiplied by 125% | 2016 PRSC Females multiplied by 111% |

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

| Asset Class | Target Allocation | Expected Arithmetic Real Rate of Return | Long-Term Expected Portfolio Real Rate of Return |
|----------------------------------|-------------------|--|--|
| Global Equity | 47.0% | | |
| Global Public Equity | 33.0% | 6.99% | 2.31% |
| Private Equity | 9.0% | 8.73% | 0.79% |
| Equity Options Strategies | 5.0% | 5.52% | 0.28% |
| Real Assets | 10.0% | | |
| Real Estate (Private) | 6.0% | 3.54% | 0.21% |
| Real Estate (REITs) | 2.0% | 5.46% | 0.11% |
| Infrastructure | 2.0% | 5.09% | 0.10% |
| Opportunistic | 13.0% | | |
| GTAA/Risk Parity | 8.0% | 3.75% | 0.30% |
| Hedge Funds (non-PA) | 2.0% | 3.45% | 0.07% |
| Other Opportunistic Strategies | 3.0% | 3.75% | 0.11% |
| Diversified Credit | 18.0% | | |
| Mixed Credit | 6.0% | 3.05% | 0.18% |
| Emerging Markets Debt | 5.0% | 3.94% | 0.20% |
| Private Debt | 7.0% | 3.89% | 0.27% |
| Conservative Fixed Income | 12.0% | | |
| Core Fixed Income | 10.0% | 0.94% | 0.09% |
| Cash and Short Duration (Net) | 2.0% | 0.34% | 0.01% |
| Total Expected Real Return | 100.0% | | 5.03% |
| Inflation for Actuarial Purposes | | | 2.25% |
| Total Expected Nominal Return | | | 7.28% |

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2018 measurement date, for the SCRS and PORS, are presented in the following table:

| System | Total Pension Liability | Plan Fiduciary Net Position | Employers' Net Pension Liability (Asset) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------|-------------------------|--------------------------------|---|---|
| SCRS | \$ 48,821,730,067 | 26,414,916,370 | \$ 22,406,813,697 | 54.1% |
| PORS | \$ 7,403,792,673 | 4,570,430,247 | \$ 2,833,362,426 | 61.7% |

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

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

At June 30, 2019, the District reported liabilities of approximately \$213,851,000 and \$138,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2018, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2017 that was projected forward to the measurement date. The District's proportion of the NPL were based on a projection of the District's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2018 measurement date, the District's SCRS proportion was 0.954401 percent, which was a decrease of 0.009449 from its proportion measured as of June 30, 2017. At the June 30, 2018 measurement date, the District's PORS proportion was 0.00486 percent, which was a decrease of 0.00022 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of approximately \$17,621,000 and \$24,000 for the SCRS and PORS, respectively. At June 30, 2019, the District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| SCRS | | |
| Differences Between Expected and Actual Experience | \$ 386,027 | \$ 1,258,453 |
| Change in Assumptions | 8,484,403 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 3,397,024 | - |
| Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions | - | 3,608,626 |
| District's Contributions Subsequent to the Measurement Date | 13,544,222 | - |
| Total SCRS | <u>25,811,676</u> | <u>4,867,079</u> |
| PORS | | |
| Differences Between Expected and Actual Experience | 4,243 | - |
| Change in Assumptions | 9,080 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 2,754 | - |
| Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions | 6,464 | 6,098 |
| District's Contributions Subsequent to the Measurement Date | 10,661 | - |
| Total PORS | <u>33,202</u> | <u>6,098</u> |
| Total SCRS and PORS | <u>\$ 25,844,878</u> | <u>\$ 4,873,177</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

Approximately \$13,544,000 and \$11,000 that was reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

| Year Ended June 30, | SCRS | PORS | Total |
|---------------------|--------------|--------|--------------|
| 2020 | \$ 5,972,464 | 12,707 | \$ 5,985,171 |
| 2021 | 4,681,780 | 4,069 | 4,685,849 |
| 2022 | (2,861,769) | (99) | (2,861,868) |
| 2023 | (392,100) | (234) | (392,334) |
| Total | \$ 7,400,375 | 16,443 | \$ 7,416,818 |

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the sensitivity of the District's proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

| System | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|----------------------------------|------------------------|
| District's proportionate share of the net pension liability of the SCRS | \$ 273,261,584 | 213,850,779 | \$ 171,377,745 |
| District's proportionate share of the net pension liability of the PORS | 185,661 | 137,718 | 98,448 |
| | \$ 273,447,245 | 213,988,497 | \$ 171,476,193 |

Plans Fiduciary Net Position

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Payable to Plans

The District reported a payable of approximately \$1,892,000 to the PEBA as of June 30, 2019, representing required employer and employee contributions for the month of June 2019 for the SCRS and PORs. This amount is included in Accrued Salaries, Fringe, and Benefits on the financial statements and was paid in July 2019.

B. Other Postemployment Benefit Plans

The PEBA is the state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts, and retirement systems. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of the PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits ("OPEB"). See Note IV.A for more details on the PEBA and the SFAA.

The PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB trust funds. This information is publicly available through the PEBA – Insurance Benefits' link on the PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

The Other Postemployment Benefits Trust Funds ("OPEB Trusts" or "OPEB Plans"), collectively refers to the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF"), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability ("BLTD") Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The PEBA Board has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

Plan Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. 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 beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

Plan Benefits (Continued)

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability. Since the employer contribution/premium paid and the proportionate share of the net OPEB liability and related deferred outflows and inflows of resources related to the SCLTDITF are not material to the District, no SCLTDITF OPEB amounts have been recorded in these financial statements and only limited note disclosures have been provided related to these benefits.

Plan Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through nonemployer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Nonemployer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer’s active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer’s contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Nonemployer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits’ reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The covered payroll surcharge rates for the past three years were as follows:

| | Year Ended June 30, | | |
|---|---------------------|-------|-------|
| | 2017 | 2018 | 2019 |
| Employer Contribution Rate [^] | 5.33% | 5.50% | 6.05% |

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The required payroll surcharge, percentages of amounts contributed, and eligible payroll covered by the SCRHITF for the past three years were as follows:

| Year Ended June 30, | Contributions | | Eligible Payroll |
|------------------------|---------------|---------------|------------------|
| | Required | % Contributed | |
| 2019 | \$ 6,294,451 | 100% | \$ 104,040,513 |
| 2018 | 5,693,794 | 100% | 103,523,522 |
| 2017 | \$ 5,448,191 | 100% | \$ 105,217,474 |

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

Plan Contributions and Funding Policies (Continued)

The State (via state appropriations) and the PEBA – Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the District approximately \$1,284,000 for the year ended June 30, 2018 (measurement period). The contributions from these nonemployer contributing entities were approximately \$1,239,000 for the year ended June 30, 2019 and are recognized as state revenues and intergovernmental expenditures in the District’s governmental fund financial statements.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer’s proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from nonemployer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of the District’s Proportionate Share of the Net OPEB Liability and the Schedule of the District’s Contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about the District’s net OPEB liability, funded status of the OPEB Plan, and the District’s contributions to the OPEB Plan.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability, net OPEB liability, and sensitivity information were determined by the consulting actuary and are based on the June 30, 2017 actuarial valuation. The total OPEB liability was rolled-forward from the valuation date to the OPEB plan’s fiscal year ended June 30, 2018 using generally accepted actuarial principles.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the latest valuation for the SCRHITF:

| | |
|----------------------------|---|
| Valuation Date: | June 30, 2017 |
| Actuarial Cost Method: | Entry Age Normal |
| Actuarial Assumptions: | |
| Inflation: | 2.25% |
| Investment Rate of Return: | 4.00%, net of plan investment expense: including inflation |
| Single Discount Rate: | 3.62% as of June 30, 2018 |
| Demographic Assumptions: | Based on the experience study performed for the South Carolina Retirement System for the five-year period ending June 30, 2015 |
| Mortality: | For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the based tables based on gender and employment type. |
| Health Care Trend Rate: | Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years |
| Aging Factors | Based on plan specific experience |
| Retiree Participation: | 79% for retirees who are eligible for funded premiums |
| Notes: | There were no benefit changes during the year; the discount rate changed from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018 |

Long-Term Expected Rate of Return

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. For actuarial purposes, the 4.00 percent assumed annual investment rate of return includes a 1.75 percent real rate of return and a 2.25 percent inflation component. This information is summarized in the following table:

| Asset Class | Target Asset Allocation | Expected Arithmetic Real Rate of Return | Long-Term Expected Portfolio Real Rate of Return |
|----------------------------------|-------------------------|---|--|
| US Domestic Fixed Income | 80.0% | 2.09% | 1.67% |
| Cash | 20.0% | 0.84% | 0.17% |
| Total Expected Real Return | 100.0% | | 1.84% |
| Inflation for Actuarial Purposes | | | 2.25% |
| Total Expected Nominal Return | | | 4.09% |
| Investment Return Assumption | | | 4.00% |

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

Single Discount Rate

The Single Discount Rate of 3.62% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the SCRHITF’s investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (“NOL”) is calculated separately for each system and represents that particular system’s total OPEB liability determined in accordance with GASB No. 74 less its fiduciary net position. NOL totals, as of the June 30, 2018 measurement date for the SCRHITF, are presented in the following table:

| <u>System</u> | <u>Total OPEB Liability</u> | <u>OPEB Plan Fiduciary Net Position</u> | <u>Employers' Net OPEB Liability (Asset)</u> | <u>OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u> |
|---------------|-----------------------------|---|--|---|
| SCRHITF | \$ 15,387,115,010 | 1,216,530,062 | \$ 14,170,584,948 | 7.9% |

The total OPEB liability is calculated by PEBA’s actuary, and the fiduciary net position is reported in the PEBA’s financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB No. 74 in the PEBA’s notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 are not applicable for other purposes, such as determining the OPEB Plans’ funding requirements.

At June 30, 2019, the District reported a liability of approximately \$170,111,000 for its proportionate share of the net OPEB liability for the SCRHITF. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability for the SCRHITF used to calculate the net OPEB liability was determined based on the most recent actuarial valuation report of June 30, 2017 that was projected forward to the measurement date. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2018 measurement date, the District’s proportion was 1.200452 percent which was a decrease of 0.011759 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of approximately \$9,702,000 for the SCRHITF. At June 30, 2019, the District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ 2,548,341 | \$ 59,271 |
| Change in Assumptions | - | 13,852,173 |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | 652,272 | - |
| Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions | - | 1,495,605 |
| Employer Contributions Subsequent to the Measurement Date | 6,275,612 | - |
| Total | <u>\$ 9,476,225</u> | <u>\$ 15,407,049</u> |

Approximately \$6,276,000 that was reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRHITF, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the SCRHITF will increase (decrease) OPEB expense as follows:

| Year Ended June 30, | Increase (Decrease) OPEB Expense |
|------------------------|-------------------------------------|
| 2020 | \$ (2,272,170) |
| 2021 | (2,272,170) |
| 2022 | (2,272,170) |
| 2023 | (2,342,018) |
| 2024 | (2,452,700) |
| Thereafter | (595,208) |
| Total | <u>\$ (12,206,436)</u> |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the District's net OPEB liability for the SCRHITF to changes in the discount rate, calculated using the discount rate of 3.62%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.62%) or 1% point higher (4.62%) than the current rate:

| | 1% Decrease (2.62%) | Current Discount Rate (3.62%) | 1% Increase (4.62%) |
|--------------------|------------------------|----------------------------------|------------------------|
| Net OPEB Liability | \$ 200,407,183 | 170,111,070 | \$ 145,690,005 |

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the sensitivity of the District’s net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 6.75% decreasing to 4.15%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (5.75% decreasing to 3.15%) or 1% point higher (7.75% decreasing to 5.15%) than the current rate:

| | 1% Decrease (5.75% decreasing to 3.15%) | Current Healthcare Cost Trend Rate (6.75% decreasing to 4.15%) | 1% Increase (7.75% decreasing to 5.15%) |
|--------------------|---|---|---|
| Net OPEB Liability | \$ 139,973,946 | 170,111,070 | \$ 209,072,790 |

OPEB Plans’ Fiduciary Net Position

Detailed information regarding the fiduciary net position of the OPEB Plans administered by the PEBA is available in the separately issued financial statements and required supplementary information for the South Carolina Public Employee Benefit Authority, Insurance Benefits and Other Postemployment Benefits Trust Funds. This information is publicly available through the Insurance Benefits’ link on the PEBA’s website at www.peba.sc.gov or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to SCRHITF

The District reported a payable of approximately \$521,000 to the PEBA as of June 30, 2019, representing required employer contributions for the month of June 2019 for the SCRHITF. This amount is included in Accrued Salaries, Fringe and Benefits on the financial statements and was paid in July 2019.

C. Deferred Compensation/Salary Deferral Plan

The District employees may participate in the 457 and/or 401(k) defined contribution deferred compensation plans available to state and local governmental employees through the state public employee retirement system. These programs are administered by a state approved nongovernmental third party. Contributions by employees under these plans totaled approximately \$585,000 for the year ended June 30, 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Risk Management

The District is exposed to various risks of loss related to torts, theft of damage to, and destruction of assets, errors or omissions, injuries to employees, and natural disasters for which the District carries commercial insurance. During the year ended June 30, 2019, the District obtained general liability, workers' compensation, and property insurance through the South Carolina Boards Insurance Trust (the "Trust") which represents South Carolina school districts joined together in a public entity risk pool. The District pays an annual premium to the Trust for its general liability, workers' compensation and property insurance. The agreement for formation of the Trust provides that the Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event.

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

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

E. Tax Abatements

District's Tax Abatements

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

York County Tax Abatements

The following table details which entities in the District have received tax abatements in the year ended June 30, 2019, as well as the District's portion of the County-wide taxes that have been abated:

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

E. Tax Abatements (Continued)

| Entity | Taxes Abated |
|--|---------------------|
| 3D Systems Inc. | \$ 8,136 |
| Albany Road-Southcross LLC | 7,585 |
| Beacon 11 LLC | 37 |
| Bradman Lake Inc. | 2,330 |
| Composite Resources Inc. | 4,840 |
| Construction Equipment North | 320,791 |
| Core Autosport LLC | 13,565 |
| Coroplast Tape Corporation | 232,430 |
| CR Manufacturing LLC | 15,647 |
| Crystal Distribution Inc. | 12,731 |
| Exel Inc. | 36,678 |
| GCP Legacy Park West | 15,772 |
| Hartmann USA Inc. | 71,467 |
| McKesson Medical Surgical Inc. | 125,608 |
| MSI Forks Inc | 74,035 |
| O'Brien Rock Hill LLC | 93,805 |
| Oerlikon Balzers Coating USA | 89,727 |
| PFG Customized South Carolina | 55,705 |
| Possehl Connector Services SC | 29,628 |
| Pulcra Chemicals LLC | 71,283 |
| Resolute FP US Inc (Bowater) | 867,426 |
| Retford Investments LLC | 27,981 |
| RH Apex | 57,014 |
| Ross Dress For Less Inc | 757,292 |
| Select Income REIT | 236,770 |
| TE Connectivity Corporation | 282,231 |
| The Hartz Group | 9,857 |
| Transaxle Manufacturing of | 222,664 |
| Winbro Group Technologies LLC | 118,451 |
| Workspace Resources LLC | 75,718 |
| District's Portion of County-wide Abatements | 558,807 |
| Total Tax Abatements | <u>\$ 4,496,011</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

F. Operating Lease and Service Agreement

The District entered into a non-cancellable operating lease for office equipment in July 2018. The lease requires a minimum monthly payment of approximately \$20,000 for a term of 60 months expiring in August 2024. This new lease replaces the existing lease that the District had in place which was under similar terms. Lease payments for the year ended June 30, 2019 were approximately \$217,000. The new lease expires in August 2024, and the remaining commitments under this agreement are approximately \$966,000.

The District entered into a non-cancellable service agreement for equipment repair and maintenance services for the District's leased office equipment in August 2018. The agreement requires a minimum monthly payment of approximately \$15,000 for a term of 60 months expiring in September 2024. Lease payments for the year ended June 30, 2019 were approximately \$165,000. The remaining commitments under this agreement are approximately \$734,000.

G. Contingencies

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

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

H. Subsequent Event

In September 2019, the District issued its Series 2019D SCAGO General Obligation Bonds in the amount of \$13,517,000 for the purpose of providing funds to pay for the acquisition and installation of technology, capital improvements and upgrades, and student activity equipment. This bond resolution will not require a tax millage increase. The District received a premium of approximately \$49,000 and incurred issuance costs of approximately \$59,000. The interest rate on these bonds is 2.0%, with final maturity in March 2020.

(This page intentionally left blank.)

Required Supplementary Information

(This page intentionally left blank.)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

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

YEAR ENDED JUNE 30, 2019

| | BUDGETED AMOUNTS | | ACTUAL (BUDGETARY BASIS) | VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE) |
|--|----------------------|--------------------|--------------------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Local Sources: | | | | |
| Taxes | \$ 58,593,000 | 58,593,000 | 56,915,187 | \$ (1,677,813) |
| Investment Earnings | 300,000 | 300,000 | 1,235,364 | 935,364 |
| Other Local Sources | 310,000 | 310,000 | 497,454 | 187,454 |
| State Sources | 95,927,085 | 95,927,085 | 98,245,660 | 2,318,575 |
| TOTAL REVENUES | 155,130,085 | 155,130,085 | 156,893,665 | 1,763,580 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 93,040,697 | 93,040,697 | 90,858,669 | 2,182,028 |
| Support Services | 65,997,680 | 65,997,680 | 65,692,692 | 304,988 |
| Community Services | 141,914 | 141,914 | 141,768 | 146 |
| Intergovernmental | 464,840 | 464,840 | 533,211 | (68,371) |
| Capital Outlay | 1,084,486 | 1,084,486 | 1,078,899 | 5,587 |
| TOTAL EXPENDITURES | 160,729,617 | 160,729,617 | 158,305,239 | 2,424,378 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (5,599,532) | (5,599,532) | (1,411,574) | 4,187,958 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from the Sale of Capital Assets | - | - | 21,105 | 21,105 |
| Transfers In | 5,618,892 | 5,618,892 | 5,521,536 | (97,356) |
| Transfers Out | (19,360) | (19,360) | (2,856,503) | (2,837,143) |
| TOTAL OTHER FINANCING SOURCES (USES) | 5,599,532 | 5,599,532 | 2,686,138 | (2,913,394) |
| NET CHANGES IN FUND BALANCES | - | - | 1,274,564 | 1,274,564 |
| FUND BALANCES, Beginning of Year | 38,215,514 | 38,215,514 | 38,215,514 | - |
| FUND BALANCES, End of Year | \$ 38,215,514 | 38,215,514 | 39,490,078 | \$ 1,274,564 |

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

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST SIX FISCAL YEARS

| | Year Ended June 30, | | | | | |
|--|---------------------|-------------|-------------|-------------|-------------|----------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| District's Proportion of the Net Pension Liability | 0.954401% | 0.963850% | 0.964292% | 1.002653% | 1.024708% | 1.024708% |
| District's Proportionate Share of the Net Pension Liability | \$ 213,850,779 | 216,978,136 | 205,971,348 | 190,157,976 | 176,420,746 | \$ 183,796,061 |
| District's Covered Payroll | \$ 103,456,249 | 105,149,109 | 98,215,989 | 98,787,910 | 97,540,171 | \$ 95,647,881 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 206.71% | 206.35% | 209.71% | 192.49% | 180.87% | 192.16% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 54.10% | 53.34% | 52.91% | 56.99% | 59.92% | 56.39% |

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
 The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.
 The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
 SOUTH CAROLINA RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

| | Year Ended June 30, | | | | | |
|--|---------------------|-------------|-------------|------------|------------|---------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually Required Contribution | \$ 14,546,321 | 13,412,038 | 11,238,801 | 10,324,978 | 10,245,571 | \$ 9,860,741 |
| Contributions in Relation to the Contractually Required Contribution | | | | | | |
| Contributions from the District | 13,544,222 | 12,409,939 | 11,238,801 | 10,324,978 | 10,245,571 | 9,860,741 |
| Contributions from the State | 1,002,099 | 1,002,099 | - | - | - | - |
| Contribution Deficiency (Excess) | \$ - | - | - | - | - | \$ - |
| District's Covered Payroll | \$ 103,974,755 | 103,456,249 | 105,149,109 | 98,215,989 | 98,787,910 | \$ 97,540,171 |
| Contributions as a Percentage of Covered Payroll | 13.99% | 12.96% | 10.69% | 10.51% | 10.37% | 10.11% |

Notes to Schedule:

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

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST SIX FISCAL YEARS

| | Year Ended June 30, | | | | | |
|--|---------------------|----------|----------|----------|----------|-----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| District's Proportion of the Net Pension Liability | 0.00486% | 0.00508% | 0.00516% | 0.00531% | 0.00344% | 0.00344% |
| District's Proportionate Share of the Net Pension Liability | \$ 137,718 | 139,088 | 130,831 | 115,731 | 65,875 | \$ 71,331 |
| District's Covered Payroll | \$ 67,273 | 68,365 | 65,753 | 65,785 | 41,065 | \$ 24,781 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 204.72% | 203.45% | 198.97% | 175.92% | 160.42% | 287.85% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 61.73% | 60.94% | 60.44% | 64.57% | 67.55% | 62.98% |

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
 The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.
 The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
 POLICE OFFICERS RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

| | Year Ended June 30, | | | | | |
|--|---------------------|--------|--------|--------|--------|-----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually Required Contribution | \$ 11,337 | 10,925 | 9,735 | 9,034 | 8,822 | \$ 5,273 |
| Contributions in Relation to the Contractually Required Contribution | | | | | | |
| Contributions from the District | 10,661 | 10,249 | 9,735 | 9,034 | 8,822 | 5,273 |
| Contributions from the State | 676 | 676 | - | - | - | - |
| Contribution Deficiency (Excess) | \$ - | - | - | - | - | \$ - |
| District's Covered Payroll | \$ 65,758 | 67,273 | 68,365 | 65,753 | 65,785 | \$ 41,065 |
| Contributions as a Percentage of Covered Payroll | 17.24% | 16.24% | 14.24% | 13.74% | 13.41% | 12.84% |

Notes to Schedule:

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

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

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

LAST THREE FISCAL YEARS

| | Year Ended June 30, | | |
|---|----------------------------|-------------|----------------|
| | 2019 | 2018 | 2017 |
| District's Proportion of the Net OPEB Liability | 1.200452% | 1.212211% | 1.212211% |
| District's Proportionate Share of the Net OPEB Liability | \$ 170,111,070 | 164,191,994 | \$ 175,390,336 |
| District's Covered Payroll | \$ 103,523,522 | 105,217,474 | \$ 98,281,742 |
| District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 164.3% | 156.1% | 178.5% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 7.9% | 7.6% | 6.6% |

Notes to Schedule:

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

The District adopted GASB #75 during the year ended June 30, 2018. Information prior to 2017 is not available.

The discount rates used by year were as follows: 3.62% 3.56% 2.92%

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

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

LAST THREE FISCAL YEARS

| | Year Ended June 30, | | |
|--|---------------------|-------------|----------------|
| | 2019 | 2018 | 2017 |
| Contractually Required Contribution | \$ 6,294,451 | 5,693,794 | \$ 5,448,191 |
| Contributions in Relation to the Contractually Required Contribution | 6,294,451 | 5,693,794 | 5,448,191 |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| District's Covered Payroll | \$ 104,040,513 | 103,523,522 | \$ 105,217,474 |
| Contributions as a Percentage of Covered Payroll | 6.05% | 5.50% | 5.18% |

Notes to Schedule:

The District adopted GASB #75 during the year ended June 30, 2018. Information prior to 2017 is not available.

(This page intentionally left blank.)

Supplementary Information

Combining and Individual Fund Financial Schedules

(This page intentionally left blank.)

GENERAL FUND

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

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

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|---------------------------|-------------------|------------------|
| REVENUES | | | |
| 1000 Revenues from Local Sources: | | | |
| 1100 Taxes: | | | |
| 1110 Ad Valorem Taxes-Including Delinquent (Independent) | \$ 46,175,000 | 44,117,807 | \$ (2,057,193) |
| 1140 Penalties & Interest on Taxes (Independent) | 187,000 | 179,741 | (7,259) |
| 1200 Revenue from Local Governmental Units Other than LEAs: | | | |
| 1210 Ad Valorem Taxes-Including Delinquent (Dependent) | 8,175,000 | 8,156,298 | (18,702) |
| 1240 Penalties & Interest on Taxes (Dependent) | 25,000 | 14,385 | (10,615) |
| 1280 Revenue in Lieu of Taxes (Independent and Dependent) | 4,031,000 | 4,446,956 | 415,956 |
| 1300 Tuition: | | | |
| 1310 From Patrons for Regular Day School | 5,000 | 4,463 | (537) |
| 1320 From Other LEAs for Regular Day School | - | 99,159 | 99,159 |
| 1500 Earnings on Investments: | | | |
| 1510 Interest on Investments | 300,000 | 1,235,364 | 935,364 |
| 1900 Other Revenue from Local Sources: | | | |
| 1910 Rentals | 250,000 | 302,266 | 52,266 |
| 1990 Miscellaneous Local Revenue: | | | |
| 1999 Revenue from Other Local Sources | 55,000 | 91,566 | 36,566 |
| Total Revenue from Local Sources | <u>59,203,000</u> | <u>58,648,005</u> | <u>(554,995)</u> |
| 3000 Revenue from State Sources: | | | |
| 3100 Restricted State Funding: | | | |
| 3130 Special Programs: | | | |
| 3131 Handicapped Transportation | 8,500 | 5,133 | (3,367) |
| 3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation) | | | |
| | 970,000 | 1,128,585 | 158,585 |
| 3162 Transportation Workers' Compensation | 53,000 | 55,015 | 2,015 |
| 3180 Fringe Benefits Employer Contributions (No Carryover Provision) | | | |
| | 18,795,876 | 19,574,325 | 778,449 |
| 3181 Retiree Insurance (No Carryover Provision) | 3,849,520 | 4,205,440 | 355,920 |
| 3300 Education Finance Act: | | | |
| 3310 Full-Time Programs: | | | |
| 3311 Kindergarten | 2,188,439 | 2,080,775 | (107,664) |
| 3312 Primary | 6,329,021 | 6,238,830 | (90,191) |
| 3313 Elementary | 10,470,065 | 10,499,694 | 29,629 |
| 3314 High School | 4,239,379 | 4,103,962 | (135,417) |
| 3315 Trainable Mentally Handicapped | 105,348 | 131,247 | 25,899 |
| 3316 Speech Handicapped (Part-Time) | 2,074,957 | 2,142,210 | 67,253 |
| 3317 Homebound | 35,983 | 33,085 | (2,898) |
| 3320 Part-Time Programs: | | | |
| 3321 Emotionally Handicapped | 84,950 | 148,834 | 63,884 |
| 3322 Educable Mentally Handicapped | 146,052 | 105,874 | (40,178) |
| 3323 Learning Disabilities | 4,485,490 | 4,737,950 | 252,460 |
| 3324 Hearing Handicapped | 131,242 | 123,480 | (7,762) |
| 3325 Visually Handicapped | \$ 115,565 | 125,477 | \$ 9,912 |

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|---------------------------|---------------------------|-------------------------|
| 3326 Orthopedically Handicapped | \$ 52,674 | 48,138 | \$ (4,536) |
| 3327 Vocational | 5,197,178 | 5,427,824 | 230,646 |
| 3330 Miscellaneous EFA Programs: | | | |
| 3331 Autism | 995,198 | 1,038,917 | 43,719 |
| 3332 High Achieving Students | 699,811 | 672,935 | (26,876) |
| 3334 Limited English Proficiency | 318,994 | 323,393 | 4,399 |
| 3350 Residential Treatment Facilities (RTF) | | | |
| 3351 Academic Assistance | 1,605,854 | 1,594,438 | (11,416) |
| 3352 Pupils in Poverty | 3,752,463 | 3,881,025 | 128,562 |
| 3353 Dual Credit Enrollment | 59,756 | 52,576 | (7,180) |
| 3392 NBC Excess EFA Formula | - | 77,573 | 77,573 |
| 3800 State Revenue in Lieu of Taxes: | | | |
| 3810 Reimbursement for Local Residential Property Tax Relief (Tier 1) | 5,991,204 | 5,991,204 | - |
| 3820 Homestead Exemption (Tier 2) | 1,710,186 | 1,710,186 | - |
| 3825 Reimbursement for Property Tax Relief (Tier 3) | 19,628,841 | 19,006,518 | (622,323) |
| 3830 Merchant's Inventory Tax | 221,539 | 221,539 | - |
| 3840 Manufacturers Depreciation Reimbursement | 1,500,000 | 1,571,618 | 71,618 |
| 3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax) | 110,000 | 185,085 | 75,085 |
| 3900 Other State Revenue: | | | |
| 3993 PEBA On-Behalf | - | 1,002,775 | 1,002,775 |
| Total Revenue from State Sources | <u>95,927,085</u> | <u>98,245,660</u> | <u>2,318,575</u> |
| TOTAL REVENUE ALL SOURCES | <u>155,130,085</u> | <u>156,893,665</u> | <u>1,763,580</u> |

EXPENDITURES

100 Instruction:

110 General Instruction:

111 Kindergarten Programs:

| | | | |
|----------------------------|-----------|-----------|--------|
| 100 Salaries | 4,093,584 | 4,069,660 | 23,924 |
| 200 Employee Benefits | 1,910,190 | 1,904,265 | 5,925 |
| 300 Purchased Services | 132,669 | 127,526 | 5,143 |
| 400 Supplies and Materials | 85,833 | 81,509 | 4,324 |

112 Primary Programs:

| | | | |
|----------------------------|------------|------------|---------|
| 100 Salaries | 12,370,061 | 12,251,854 | 118,207 |
| 200 Employee Benefits | 4,721,128 | 4,652,245 | 68,883 |
| 300 Purchased Services | 987,229 | 957,739 | 29,490 |
| 400 Supplies and Materials | 380,843 | 374,556 | 6,287 |

113 Elementary Programs:

| | | | |
|----------------------------|------------|------------|--------|
| 100 Salaries | 20,140,569 | 20,075,839 | 64,730 |
| 200 Employee Benefits | 8,129,854 | 8,081,912 | 47,942 |
| 300 Purchased Services | 755,859 | 744,677 | 11,182 |
| 400 Supplies and Materials | 425,189 | 421,041 | 4,148 |
| 500 Capital Outlay | 6,200 | 6,192 | 8 |
| 600 Other Objects | \$ 1,061 | 910 | \$ 151 |

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-------------------|------------|------------|
| 114 High School Programs: | | | |
| 100 Salaries | \$ 13,497,067 | 13,323,217 | \$ 173,850 |
| 200 Employee Benefits | 5,635,453 | 5,438,117 | 197,336 |
| 300 Purchased Services | 474,455 | 449,796 | 24,659 |
| 400 Supplies and Materials | 410,633 | 373,441 | 37,192 |
| 600 Other Objects | 9,985 | 9,985 | - |
| 115 Career and Technology Education Program: | | | |
| 100 Salaries | 2,168,236 | 2,164,484 | 3,752 |
| 200 Employee Benefits | 941,914 | 901,109 | 40,805 |
| 300 Purchased Services - Other Than Tuition | 172,880 | 172,492 | 388 |
| 400 Supplies and Materials | 98,286 | 94,910 | 3,376 |
| 500 Capital Outlay | 5,500 | - | 5,500 |
| 600 Other Objects | 4,396 | 3,896 | 500 |
| 118 Montessori Programs: | | | |
| 100 Salaries | 568,010 | 462,748 | 105,262 |
| 200 Employee Benefits | 240,905 | 178,686 | 62,219 |
| 300 Purchased Services | 10,769 | 10,319 | 450 |
| 400 Supplies and Materials | 4,420 | 4,162 | 258 |
| 120 Exceptional Programs: | | | |
| 121 Educable Mentally-Handicapped: | | | |
| 100 Salaries | 955,293 | 904,930 | 50,363 |
| 200 Employee Benefits | 455,040 | 418,010 | 37,030 |
| 300 Purchased Services | 110,000 | 106,041 | 3,959 |
| 400 Supplies and Materials | 2,364 | 2,349 | 15 |
| 122 Trainable Mentally Handicapped: | | | |
| 100 Salaries | 356,660 | 305,491 | 51,169 |
| 200 Employee Benefits | 189,391 | 163,115 | 26,276 |
| 300 Purchased Services | 21,945 | 21,541 | 404 |
| 400 Supplies and Materials | 600 | 652 | (52) |
| 123 Orthopedically Handicapped: | | | |
| 100 Salaries | 15,885 | 15,885 | - |
| 200 Employee Benefits | 6,589 | 6,580 | 9 |
| 300 Purchased Services | 973 | 973 | - |
| 124 Visually Handicapped: | | | |
| 100 Salaries | 148,746 | 92,056 | 56,690 |
| 200 Employee Benefits | 73,637 | 38,917 | 34,720 |
| 300 Purchased Services | 3,481 | 4,188 | (707) |
| 125 Hearing Handicapped: | | | |
| 100 Salaries | 498,700 | 434,985 | 63,715 |
| 200 Employee Benefits | 219,864 | 182,648 | 37,216 |
| 300 Purchased Services | 14,549 | 13,753 | 796 |
| 126 Speech Handicapped: | | | |
| 100 Salaries | 884,774 | 874,304 | 10,470 |
| 200 Employee Benefits | 361,554 | 352,934 | 8,620 |
| 300 Purchased Services | 2,661 | 2,767 | (106) |
| 400 Supplies and Materials | \$ 1,262 | 1,262 | \$ - |

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|---------------------------|---------------|-----------------|
| 127 Learning Disabilities: | | | |
| 100 Salaries | \$ 3,994,585 | 3,865,272 | \$ 129,313 |
| 200 Employee Benefits | 1,735,632 | 1,628,193 | 107,439 |
| 300 Purchased Services | 93,587 | 92,978 | 609 |
| 400 Supplies and Materials | 28,480 | 27,656 | 824 |
| 128 Emotionally Handicapped: | | | |
| 100 Salaries | 394,475 | 366,011 | 28,464 |
| 200 Employee Benefits | 169,500 | 162,698 | 6,802 |
| 300 Purchased Services | 13,263 | 12,805 | 458 |
| 400 Supplies and Materials | 749 | 735 | 14 |
| 130 Pre-School Programs: | | | |
| 133 Pre-School Handicapped-Self-Contained (5-Yr. Olds) | | | |
| 100 Salaries | 224,534 | 178,914 | 45,620 |
| 200 Employee Benefits | 114,527 | 89,341 | 25,186 |
| 300 Purchased Services | 4,000 | 3,968 | 32 |
| 137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds) | | | |
| 100 Salaries | 313,274 | 254,881 | 58,393 |
| 200 Employee Benefits | 141,429 | 106,221 | 35,208 |
| 300 Purchased Services | 9,651 | 9,175 | 476 |
| 139 Early Childhood Programs: | | | |
| 100 Salaries | 147,510 | 146,327 | 1,183 |
| 200 Employee Benefits | 80,493 | 76,125 | 4,368 |
| 300 Purchased Services | 31,755 | 30,687 | 1,068 |
| 140 Special Programs: | | | |
| 141 Gifted and Talented - Academic: | | | |
| 100 Salaries | 460,205 | 434,148 | 26,057 |
| 200 Employee Benefits | 177,500 | 170,625 | 6,875 |
| 300 Purchased Services | 449 | 769 | (320) |
| 400 Supplies and Materials | 10,254 | 10,113 | 141 |
| 143 Advanced Placement: | | | |
| 400 Supplies and Materials | 68,000.0 | 39,239 | 28,761.0 |
| 145 Homebound: | | | |
| 100 Salaries | 200,000.0 | 129,080 | 70,920.0 |
| 200 Employee Benefits | 58,280 | 36,886 | 21,394 |
| 148 Gifted and Talented - Artistic: | | | |
| 100 Salaries | 160 | 160 | - |
| 200 Employee Benefits | 75 | 75 | - |
| 300 Purchased Services | 66,575 | 65,254 | 1,321 |
| 400 Supplies and Materials | 9,631 | 8,285 | 1,346 |
| 149 Other Special Programs: | | | |
| 100 Salaries | 464,905 | 430,782 | 34,123 |
| 200 Employee Benefits | 228,704 | 203,019 | 25,685 |
| 300 Purchased Services | \$ 117,060 | 80,102 | \$ 36,958 |

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

| | REVISED BUDGET | ACTUAL | VARIANCE |
|---|---------------------------|-------------------|------------------|
| 160 Other Exceptional Programs: | | | |
| 161 Autism: | | | |
| 100 Salaries | \$ 198,877 | 188,043 | \$ 10,834 |
| 200 Employee Benefits | 92,493 | 85,043 | 7,450 |
| 300 Purchased Services | 27,713 | 27,244 | 469 |
| 400 Supplies and Materials | 413 | 413 | - |
| 170 Summer School Programs: | | | |
| 171 Primary Summer School: | | | |
| 100 Salaries | 375 | 375 | - |
| 200 Employee Benefits | 33 | 32 | 1 |
| 300 Purchased Services | - | 14 | (14) |
| 173 High School Summer School: | | | |
| 100 Salaries | 11,000 | 10,897 | 103 |
| 200 Employee Benefits | 3,600 | 3,594 | 6 |
| 175 Instructional Programs Beyond Regular School Day: | | | |
| 100 Salaries | 130,000 | 126,508 | 3,492 |
| 200 Employee Benefits | 50,000 | 28,500 | 21,500 |
| 300 Purchased Services | - | 500 | (500) |
| 400 Supplies and Materials | 15,000 | 8,998 | 6,002 |
| 600 Other Objects | - | 444 | (444) |
| 180 Adult/Continuing Educational Programs: | | | |
| 181 Adult Basic Education Programs: | | | |
| 100 Salaries | 88,404 | 87,551 | 853 |
| 200 Employee Benefits | 36,868 | 35,374 | 1,494 |
| 300 Purchased Services | 780 | 338 | 442 |
| 400 Supplies and Materials | 5,634 | 1,229 | 4,405 |
| 600 Other Objects | 556 | 496 | 60 |
| 182 Adult Secondary Education Programs: | | | |
| 100 Salaries | 11,264 | 11,264 | - |
| 200 Employee Benefits | 4,902 | 4,597 | 305 |
| 188 Parenting/Family Literacy: | | | |
| 100 Salaries | 177,642 | 175,850 | 1,792 |
| 200 Employee Benefits | 96,678 | 95,744 | 934 |
| 300 Purchased Services | 23,536 | 22,198 | 1,338 |
| 400 Supplies and Materials | 10,001 | 8,183 | 1,818 |
| 190 Instructional Pupil Activity: | | | |
| 660 Pupil Activity | 240 | 240 | - |
| Total Instruction | <u>93,052,397</u> | <u>90,864,861</u> | <u>2,187,536</u> |
| 200 Support Services: | | | |
| 210 Pupil Services: | | | |
| 211 Attendance and Social Work Services: | | | |
| 100 Salaries | 796,293 | 795,507 | 786 |
| 200 Employee Benefits | 360,593 | 360,631 | (38) |
| 300 Purchased Services | \$ 12,701 | 11,780 | \$ 921 |

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|---------------------------|---------------|-----------------|
| 400 Supplies and Materials | \$ 13,253 | 12,630 | \$ 623 |
| 600 Other Objects | 137 | - | 137 |
| 212 Guidance Services: | | | |
| 100 Salaries | 2,967,204 | 2,965,471 | 1,733 |
| 200 Employee Benefits | 1,193,773 | 1,190,997 | 2,776 |
| 300 Purchased Services | 11,072 | 9,924 | 1,148 |
| 400 Supplies and Materials | 23,482 | 22,521 | 961 |
| 600 Other Objects | 2,095 | 2,094 | 1 |
| 213 Health Services: | | | |
| 100 Salaries | 1,921,195 | 1,910,599 | 10,596 |
| 200 Employee Benefits | 787,802 | 767,062 | 20,740 |
| 300 Purchased Services | 171,533 | 170,991 | 542 |
| 400 Supplies and Materials | 37,724 | 38,776 | (1,052) |
| 600 Other Objects | 3,220 | 1,907 | 1,313 |
| 214 Psychological Services: | | | |
| 100 Salaries | 931,076 | 927,350 | 3,726 |
| 200 Employee Benefits | 356,185 | 353,358 | 2,827 |
| 300 Purchased Services | 67,356 | 63,651 | 3,705 |
| 400 Supplies and Materials | 2,470 | 2,470 | - |
| 215 Exceptional Program Services: | | | |
| 300 Purchased Services | 802 | 802 | - |
| 216 Career and Technical Education Placement Services: | | | |
| 300 Purchased Services | 19,914 | 10,495 | 9,419 |
| 400 Supplies and Materials | 2,650 | 1,909 | 741 |
| 600 Other Objects | 605 | 356 | 249 |
| 220 Instructional Staff Services: | | | |
| 221 Improvement of Instruction Curriculum Development: | | | |
| 100 Salaries | 2,508,839 | 2,504,956 | 3,883 |
| 200 Employee Benefits | 1,100,104 | 1,096,456 | 3,648 |
| 300 Purchased Services | 700,350 | 700,258 | 92 |
| 400 Supplies and Materials | 79,121 | 72,850 | 6,271 |
| 600 Other Objects | 62,782 | 62,739 | 43 |
| 222 Library and Media Services: | | | |
| 100 Salaries | 1,466,837 | 1,463,491 | 3,346 |
| 200 Employee Benefits | 598,223 | 595,739 | 2,484 |
| 300 Purchased Services | 17,521 | 21,641 | (4,120) |
| 400 Supplies and Materials | 125,850 | 125,833 | 17 |
| 600 Other Objects | 770 | 769 | 1 |
| 223 Supervision of Special Programs: | | | |
| 100 Salaries | 879,087 | 886,809 | (7,722) |
| 200 Employee Benefits | 370,592 | 371,713 | (1,121) |
| 300 Purchased Services | 39,174 | 39,174 | - |
| 400 Supplies and Materials | 72,478 | 73,344 | (866) |
| 600 Other Objects | \$ 573 | 573 | \$ - |

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|---------------------------|---------------|-----------------|
| 224 Improvement of Instruction Inservice and Staff Training: | | | |
| 100 Salaries | \$ 236,509 | 234,288 | \$ 2,221 |
| 200 Employee Benefits | 106,673 | 104,622 | 2,051 |
| 300 Purchased Services | 164,392 | 145,209 | 19,183 |
| 230 General Administrative Services: | | | |
| 231 Board of Education: | | | |
| 100 Salaries | 51,600 | 51,200 | 400 |
| 200 Employee Benefits | 15,036 | 22,411 | (7,375) |
| 300 Purchased Services | 134,198 | 140,033 | (5,835) |
| 318 Audit Services | 94,690 | 57,135 | 37,555 |
| 400 Supplies and Materials | 1,900 | 1,659 | 241 |
| 600 Other Objects | 59,040 | 59,434 | (394) |
| 232 Office of Superintendent: | | | |
| 100 Salaries | 448,748 | 437,138 | 11,610 |
| 200 Employee Benefits | 145,375 | 134,423 | 10,952 |
| 300 Purchased Services | 51,320 | 35,177 | 16,143 |
| 400 Supplies and Materials | 3,800 | 2,167 | 1,633 |
| 600 Other Objects | 97,609 | 54,655 | 42,954 |
| 233 School Administration: | | | |
| 100 Salaries | 7,896,464 | 7,872,661 | 23,803 |
| 140 Terminal Leave | - | 19,728 | (19,728) |
| 200 Employee Benefits | 3,196,626 | 3,195,261 | 1,365 |
| 300 Purchased Services | 268,889 | 274,429 | (5,540) |
| 400 Supplies and Materials | 395,338 | 388,816 | 6,522 |
| 600 Other Objects | 22,582 | 19,958 | 2,624 |
| 250 Finance and Operations Services: | | | |
| 251 Student Transportation (Federal/District Mandated): | | | |
| 100 Salaries | 58,629 | 58,494 | 135 |
| 200 Employee Benefits | 22,000 | 21,647 | 353 |
| 300 Purchased Services | 7,500 | 46,909 | (39,409) |
| 252 Fiscal Services: | | | |
| 100 Salaries | 552,911 | 552,807 | 104 |
| 180 Head of Organizational Unit Salaries | 112,547 | 112,547 | - |
| 200 Employee Benefits | 339,151 | 339,053 | 98 |
| 300 Purchased Services | 165,195 | 165,171 | 24 |
| 400 Supplies and Materials | 9,721 | 9,721 | - |
| 600 Other Objects | 1,129 | 5,859 | (4,730) |
| 680 Head of Organizational Unit Other Objects | 75 | 75 | - |
| 253 Facilities Acquisition and Construction: | | | |
| 300 Purchased Services | 450 | 450 | - |
| 500 Capital Outlay: | | | |
| 530 Improvements Other Than Buildings | - | 898,174 | (898,174) |
| 540 Equipment | 907,530 | 9,356 | 898,174 |
| 254 Operation and Maintenance of Plant: | | | |
| 100 Salaries | 4,768,413 | 4,758,603 | 9,810 |
| 140 Terminal Leave | - | 3,762 | (3,762) |
| 200 Employee Benefits | \$ 2,077,959 | 2,075,620 | \$ 2,339 |

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-------------------|-----------|------------|
| 300 Purchased Services | \$ 4,981,983 | 4,987,502 | \$ (5,519) |
| 400 Supplies and Materials | 5,904,886 | 5,906,320 | (1,434) |
| 500 Capital Outlay | 41,000 | 40,776 | 224 |
| 600 Other Objects | 3,800 | 1,883 | 1,917 |
| 255 Student Transportation (State Mandated): | | | |
| 100 Salaries | 3,802,757 | 3,769,616 | 33,141 |
| 200 Employee Benefits | 1,577,784 | 1,563,693 | 14,091 |
| 300 Purchased Services | 63,249 | 65,126 | (1,877) |
| 400 Supplies and Materials | 29,315 | 26,825 | 2,490 |
| 600 Other Objects | - | 299 | (299) |
| 257 Internal Services: | | | |
| 100 Salaries | 237,948 | 226,876 | 11,072 |
| 200 Employee Benefits | 110,130 | 103,204 | 6,926 |
| 300 Purchased Services | 420,869 | 391,894 | 28,975 |
| 400 Supplies and Materials | 18,348 | 16,418 | 1,930 |
| 600 Other Objects | 4,200 | 3,391 | 809 |
| 258 Security: | | | |
| 100 Salaries | 169,051 | 168,868 | 183 |
| 200 Employee Benefits | 61,726 | 61,580 | 146 |
| 300 Purchased Services | 344,300 | 344,164 | 136 |
| 400 Supplies and Materials | 36,376 | 36,375 | 1 |
| 600 Other Objects | 1,500 | 1,418 | 82 |
| 259 Internal Auditing Services: | | | |
| 100 Salaries | 67,465 | 67,465 | - |
| 200 Employee Benefits | 24,545 | 24,360 | 185 |
| 260 Central Support Services: | | | |
| 262 Planning: | | | |
| 100 Salaries | 47,899 | 42,899 | 5,000 |
| 180 Head of Organizational Unit Salaries | 126,547 | 126,547 | - |
| 200 Employee Benefits | 60,606 | 61,376 | (770) |
| 300 Purchased Services | 106,029 | 94,482 | 11,547 |
| 400 Supplies and Materials | 53,588 | 49,940 | 3,648 |
| 600 Other Objects | 1,000 | 1,295 | (295) |
| 263 Information Services: | | | |
| 100 Salaries | 63,830 | 63,830 | - |
| 180 Head of Organizational Unit Salaries | 86,554 | 86,554 | - |
| 200 Employee Benefits | 57,603 | 57,338 | 265 |
| 300 Purchased Services | 14,671 | 14,622 | 49 |
| 400 Supplies and Materials | 2,638 | 2,280 | 358 |
| 600 Other Objects | 11,414 | 14,656 | (3,242) |
| 264 Staff Services: | | | |
| 100 Salaries | 270,737 | 260,983 | 9,754 |
| 180 Head of Organizational Unit Salaries | 112,547 | 112,547 | - |
| 200 Employee Benefits | 152,692 | 153,339 | (647) |
| 300 Purchased Services | 313,605 | 311,408 | 2,197 |
| 400 Supplies and Materials | 29,225 | 28,981 | 244 |
| 600 Other Objects | \$ 842 | 764 | \$ 78 |

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

| | REVISED BUDGET | ACTUAL | VARIANCE |
|---|---------------------------|---------------------------|-------------------------|
| 266 Technology and Data Processing Services: | | | |
| 100 Salaries | \$ 1,534,936 | 1,527,579 | \$ 7,357 |
| 140 Terminal Leave | - | 5,881 | (5,881) |
| 200 Employee Benefits | 661,990 | 657,142 | 4,848 |
| 300 Purchased Services | 1,514,189 | 1,512,176 | 2,013 |
| 400 Supplies and Materials | 1,147,171 | 1,146,402 | 769 |
| 500 Capital Outlay | 105,000 | 105,145 | (145) |
| 600 Other Objects | 350 | - | 350 |
| 270 Support Services - Pupil Activity: | | | |
| 271 Pupil Services Activities: | | | |
| 100 Salaries (Optional) | 1,506,048 | 1,505,635 | 413 |
| 200 Employee Benefits (Optional) | 461,111 | 460,882 | 229 |
| 300 Purchased Services (Optional) | 120,468 | 120,424 | 44 |
| 400 Supplies and Materials (Optional) | 306,344 | 306,282 | 62 |
| 500 Capital Outlay (Optional) | 19,256 | 19,255 | 1 |
| 600 Other Objects (Optional) | 160,909 | 160,424 | 485 |
| Total Support Services | <u>67,070,466</u> | <u>66,765,399</u> | <u>305,067</u> |
| 300 Community Services: | | | |
| 390 Other Community Services: | | | |
| 100 Salaries | 79,324 | 79,324 | - |
| 200 Employee Benefits | 28,001 | 27,770 | 231 |
| 300 Purchased Services | 12,481 | 12,565 | (84) |
| 400 Supplies and Materials | 21,788 | 21,789 | (1) |
| 600 Other Objects | 320 | 320 | - |
| Total Community Services | <u>141,914</u> | <u>141,768</u> | <u>146</u> |
| 400 Other Charges: | | | |
| 410 Intergovernmental Expenditures: | | | |
| 411 Payments to the SDE | | | |
| 720 Transits | 8,500 | 8,526 | (26) |
| 412 Payments to Other Governmental Units | | | |
| 720 Transits | 105,000 | 154,328 | (49,328) |
| 416 LEA Payments to Public Charter Schools | | | |
| 720 Transits | 351,340 | 370,357 | (19,017) |
| Total Intergovernmental Expenditures | <u>464,840</u> | <u>533,211</u> | <u>(68,371)</u> |
| TOTAL EXPENDITURES | <u>160,729,617</u> | <u>158,305,239</u> | <u>2,424,378</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| 5300 Proceeds from the Sale of Capital Assets | - | 21,105 | 21,105 |
| Interfund Transfers, From (To) Other Funds: | | | |
| 5230 Transfer from Special Revenue EIA Fund | 5,043,892 | 5,072,521 | 28,629 |
| 5280 Transfer from Other Funds Indirect Costs | \$ 575,000 | 449,015 | \$ (125,985) |

(Continued)

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-----------------------------|--------------------------|----------------------------|
| 421-710 Transfer to Special Revenue Fund | \$ - | (2,837,143) | \$ (2,837,143) |
| 425-710 Transfer to Food Service Fund | (19,360) | (19,360) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>5,599,532</u> | <u>2,686,138</u> | <u>(2,913,394)</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | - | 1,274,564 | 1,274,564 |
| FUND BALANCES, Beginning of Year | <u>38,215,514</u> | <u>38,215,514</u> | <u>-</u> |
| FUND BALANCES, End of Year | <u>\$ 38,215,514</u> | <u>39,490,078</u> | <u>\$ 1,274,564</u> |

(This page intentionally left blank.)

SPECIAL REVENUE FUNDS

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

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

Special Revenue - Education Improvement Act (“EIA”) Fund – These funds are used to account for the District’s expenditures as a result of receiving funds subject to the guidelines set by the State of South Carolina.

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

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

SPECIAL REVENUE FUND

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

YEAR ENDED JUNE 30, 2019

| | Title I (BA Projects) (201) | IDEA (CA Projects) (203) |
|--|--|---|
| REVENUES | | |
| 1000 Revenue from Local Sources: | | |
| 1300 Tuition: | | |
| 1310 Tuition from Patrons for Regular Day School | \$ - | - |
| 1350 Tuition from Patrons for Summer School | - | - |
| 1900 Other Revenue from Local Sources: | | |
| 1920 Contributions and Donations Private Sources | - | - |
| 1930 Special Needs Transportation - Medicaid | - | - |
| 1999 Revenue from Other Local Sources | - | - |
| Total Revenue from Local Sources | <u>-</u> | <u>-</u> |
| 2000 Intergovernmental Revenue: | | |
| 2300 Payments from Non-Profit Entities (for First Steps) | - | - |
| Total Intergovernmental Revenue | <u>-</u> | <u>-</u> |
| 3000 Revenue from State Sources: | | |
| 3100 Restricted State Funding: | | |
| 3110 Occupational Education: | | |
| 3118 EEDA Career Specialist | - | - |
| 3120 General Education: | | |
| 3127 Student Health and Fitness - PE Teachers | - | - |
| 3130 Special Programs: | | |
| 3135 Reading Coaches | - | - |
| 3136 Student Health and Fitness - Nurses | - | - |
| 3155 DSS SNAP & E&T Program | - | - |
| 3156 Adult Education | - | - |
| 3190 Miscellaneous Restricted State Grants: | | |
| 3193 Education License Plates | - | - |
| 3199 Other Restricted State Grants | - | - |
| 3600 Education Lottery Act Revenue: | | |
| 3670 School Safety - Facility and Infrastructure Safety Upgrades | - | - |
| 3900 Other State Revenue: | | |
| 3994 Nonemployer Contributions | - | - |
| Total Revenue from State Sources | <u>-</u> | <u>-</u> |
| 4000 Revenue from Federal Sources: | | |
| 4200 Occupational Education: | | |
| 4210 Perkins Aid, Title I - Career and Technology Education - Basic Grants to States | - | - |
| 4300 Elementary and Secondary Education Act of 1965 (ESEA): | | |
| 4310 Title I, Basic State Grant Programs (Carryover Provision) | \$ 4,030,869 | - |

| Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (243/292) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--|--------------------------------|---------------------------------|--|--|--------------|
| - | - | - | - | 277,343 | \$ 277,343 |
| - | - | - | - | 19,014 | 19,014 |
| - | - | 8,137 | - | 652 | 8,789 |
| - | - | - | - | 789,689 | 789,689 |
| - | - | - | - | 2,926,220 | 2,926,220 |
| - | - | 8,137 | - | 4,012,918 | 4,021,055 |
| - | - | - | - | 574,910 | 574,910 |
| - | - | - | - | 574,910 | 574,910 |
| - | - | - | 895,907 | - | 895,907 |
| - | - | - | 104,121 | - | 104,121 |
| - | - | - | 866,068 | - | 866,068 |
| - | - | - | 463,083 | - | 463,083 |
| - | - | - | 7,926 | - | 7,926 |
| - | - | - | 57,149 | - | 57,149 |
| - | - | - | 2,758 | - | 2,758 |
| - | - | - | - | 626 | 626 |
| - | - | - | 72,000 | - | 72,000 |
| - | - | - | 1,238,608 | - | 1,238,608 |
| - | - | - | 3,707,620 | 626 | 3,708,246 |
| - | 256,951 | - | - | - | 256,951 |
| - | - | - | - | 420,105 | \$ 4,450,974 |

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

SPECIAL REVENUE FUND

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

YEAR ENDED JUNE 30, 2019

| | Title I (BA Projects) (201) | IDEA (CA Projects) (203) |
|---|-----------------------------------|--------------------------------|
| 4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III | \$ - | - |
| 4351 Supporting Effective Instruction | - | - |
| 4400 Adult Education: | | |
| 4410 Basic Adult Education | - | - |
| 4430 State Literacy Resource | - | - |
| 4500 Programs for Children with Disabilities: | | |
| 4510 Individuals with Disabilities Education Act (IDEA) | - | 3,363,855 |
| 4520 Preschool Grants for Children with Disabilities (IDEA) | - | - |
| 4900 Other Federal Sources: | | |
| 4997 Title IV - SSAE | - | - |
| 4999 Revenue from Other Federal Sources | - | - |
| Total Revenue from Federal Sources | <u>4,030,869</u> | <u>3,363,855</u> |
| TOTAL REVENUE ALL SOURCES | <u>4,030,869</u> | <u>3,363,855</u> |

EXPENDITURES

| | | |
|--|-----------|---|
| 100 Instruction: | | |
| 110 General Instruction: | | |
| 111 Kindergarten Program: | | |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | - | - |
| 112 Primary Programs: | | |
| 100 Salaries | 1,047,071 | - |
| 200 Employee Benefits | 436,569 | - |
| 300 Purchased Services | 71,246 | - |
| 400 Supplies and Materials | 97,781 | - |
| 113 Elementary Programs: | | |
| 100 Salaries | 54,120 | - |
| 200 Employee Benefits | 23,053 | - |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | - | - |
| 114 High School Programs: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | - | - |
| 115 Career and Technology Education Program: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 400 Supplies and Materials | - | - |
| 500 Capital Outlay | \$ - | - |

| Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (243/292) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--|---|--|--|---|-------------------|
| - | - | - | - | 89,821 | \$ 89,821 |
| - | - | - | - | 495,618 | 495,618 |
| - | - | 178,498 | - | - | 178,498 |
| - | - | 22,831 | - | - | 22,831 |
| - | - | - | - | 61,912 | 3,425,767 |
| 141,358 | - | - | - | - | 141,358 |
| - | - | - | - | 124,536 | 124,536 |
| - | - | - | - | 247,737 | 247,737 |
| <u>141,358</u> | <u>256,951</u> | <u>201,329</u> | <u>-</u> | <u>1,439,729</u> | <u>9,434,091</u> |
| 141,358 | 256,951 | 209,466 | 3,707,620 | 6,028,183 | 17,738,302 |
| - | - | - | - | 110 | 110 |
| - | - | - | - | 124 | 124 |
| - | - | - | 58,257 | 223,550 | 1,328,878 |
| - | - | - | 29,453 | 93,255 | 559,277 |
| - | - | - | - | 129,043 | 200,289 |
| - | - | - | - | 134,365 | 232,146 |
| - | - | - | 10,931 | 127,691 | 192,742 |
| - | - | - | 5,479 | 49,401 | 77,933 |
| - | - | - | - | 11,299 | 11,299 |
| - | - | - | 2,758 | 69,749 | 72,507 |
| - | - | - | - | 198,150 | 198,150 |
| - | - | - | - | 6,804 | 6,804 |
| - | - | - | - | 1,671 | 1,671 |
| - | - | - | - | 11,382 | 11,382 |
| - | - | - | - | 1,582 | 1,582 |
| - | - | - | - | 447 | 447 |
| - | 19,341 | - | - | 4,539 | 23,880 |
| - | - | - | - | 3,451 | \$ 3,451 |

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

SPECIAL REVENUE FUND

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

YEAR ENDED JUNE 30, 2019

| | Title I (BA Projects) (201) | IDEA (CA Projects) (203) |
|---|-----------------------------------|--------------------------------|
| 118 Montessori Programs: | | |
| 100 Salaries | \$ - | - |
| 200 Employee Benefits | - | - |
| 300 Purchased Services | - | - |
| 120 Exceptional Programs: | | |
| 121 Educable Mentally Handicapped: | | |
| 100 Salaries | - | 3,065 |
| 200 Employee Benefits | - | 1,287 |
| 300 Purchased Services | - | 46,578 |
| 122 Trainable Mentally Handicapped: | | |
| 100 Salaries | - | 635,940 |
| 200 Employee Benefits | - | 257,951 |
| 400 Supplies and Materials | - | - |
| 123 Orthopedically Handicapped: | | |
| 100 Salaries | - | 41,348 |
| 200 Employee Benefits | - | 28,334 |
| 124 Visually Handicapped: | | |
| 300 Purchased Services | - | 3,368 |
| 125 Hearing Handicapped: | | |
| 100 Salaries | - | 87,140 |
| 200 Employee Benefits | - | 52,862 |
| 300 Purchased Services | - | 52,957 |
| 400 Supplies and Materials | - | 36,592 |
| 126 Speech Handicapped: | | |
| 100 Salaries | - | 232,009 |
| 200 Employee Benefits | - | 92,145 |
| 300 Purchased Services | - | 51,700 |
| 400 Supplies and Materials | - | - |
| 600 Other Objects | - | - |
| 127 Learning Disabilities: | | |
| 100 Salaries | - | 618,312 |
| 200 Employee Benefits | - | 269,156 |
| 300 Purchased Services | - | 1,381 |
| 400 Supplies and Materials | - | 6,776 |
| 128 Emotionally Handicapped: | | |
| 100 Salaries | - | 160,431 |
| 200 Employee Benefits | - | 84,022 |
| 400 Supplies and Materials | - | - |
| 130 Pre-School Programs: | | |
| 137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds): | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | \$ - | - |

| Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (243/292) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--|--------------------------------|---------------------------------|--|--|-----------|
| - | - | - | - | 62,036 | \$ 62,036 |
| - | - | - | - | 37,111 | 37,111 |
| - | - | - | - | 4,114 | 4,114 |
| - | - | - | - | - | 3,065 |
| - | - | - | - | - | 1,287 |
| - | - | - | - | - | 46,578 |
| - | - | - | - | 9,899 | 645,839 |
| - | - | - | - | 3,494 | 261,445 |
| - | - | - | - | 148 | 148 |
| - | - | - | - | - | 41,348 |
| - | - | - | - | - | 28,334 |
| - | - | - | - | - | 3,368 |
| - | - | - | - | - | 87,140 |
| - | - | - | - | - | 52,862 |
| - | - | - | - | 59,164 | 112,121 |
| - | - | - | - | 57 | 36,649 |
| - | - | - | - | 12,000 | 244,009 |
| - | - | - | - | 3,476 | 95,621 |
| - | - | - | - | 84,769 | 136,469 |
| - | - | - | - | 2 | 2 |
| - | - | - | - | 4,275 | 4,275 |
| - | - | - | - | 5,600 | 623,912 |
| - | - | - | - | 1,617 | 270,773 |
| - | - | - | - | 1,050 | 2,431 |
| - | - | - | - | 1,990 | 8,766 |
| - | - | - | - | - | 160,431 |
| - | - | - | - | - | 84,022 |
| - | - | - | - | 84 | 84 |
| 78,665 | - | - | - | - | 78,665 |
| 41,915 | - | - | - | - | 41,915 |
| 2,554 | - | - | - | - | 2,554 |
| 10,722 | - | - | - | - | \$ 10,722 |

(Continued)

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

SPECIAL REVENUE FUND

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

YEAR ENDED JUNE 30, 2019

| | Title I (BA Projects) (201) | IDEA (CA Projects) (203) |
|---|--|---|
| 139 Early Childhood Programs: | | |
| 100 Salaries | \$ 537,129 | - |
| 200 Employee Benefits | 241,862 | - |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | 8,264 | - |
| 140 Special Programs: | | |
| 145 Homebound: | | |
| 300 Purchased Services | - | - |
| 149 Other Special Programs: | | |
| 100 Salaries | - | 71,083 |
| 200 Employee Benefits | - | 43,689 |
| 400 Supplies and Materials | - | - |
| 160 Other Exceptional Programs: | | |
| 161 Autism: | | |
| 100 Salaries | - | 22,856 |
| 200 Employee Benefits | - | 12,839 |
| 300 Purchased Services | - | - |
| 170 Summer School Programs: | | |
| 171 Primary Summer School: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 400 Supplies and Materials | - | - |
| 172 Elementary Summer School: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 173 High School Summer School: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 175 Instructional Programs Beyond Regular School Day: | | |
| 100 Salaries | 28,718 | - |
| 200 Employee Benefits | 8,110 | - |
| 180 Adult/Continuing Educational Programs: | | |
| 181 Adult Basic Education Programs: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | - | - |
| 182 Adult Secondary Education Programs: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 400 Supplies and Materials | \$ - | - |

| Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (243/292) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--|--------------------------------|---------------------------------|--|--|------------|
| - | - | - | - | 60,087 | \$ 597,216 |
| - | - | - | - | 33,868 | 275,730 |
| - | - | - | - | 1,569 | 1,569 |
| - | - | - | - | - | 8,264 |
| - | - | - | - | 60,922 | 60,922 |
| - | - | - | - | - | 71,083 |
| - | - | - | - | - | 43,689 |
| - | - | - | - | 753 | 753 |
| - | - | - | - | 467 | 23,323 |
| - | - | - | - | 134 | 12,973 |
| - | - | - | - | 7,063 | 7,063 |
| - | - | - | - | 67,026 | 67,026 |
| - | - | - | - | 20,034 | 20,034 |
| - | - | - | - | 16,540 | 16,540 |
| - | - | - | - | 14,721 | 14,721 |
| - | - | - | - | 4,293 | 4,293 |
| - | - | - | - | 23,104 | 23,104 |
| - | - | - | - | 6,341 | 6,341 |
| - | - | - | - | 19,147 | 47,865 |
| - | - | - | - | 5,381 | 13,491 |
| - | - | 84,611 | - | - | 84,611 |
| - | - | 29,252 | - | - | 29,252 |
| - | - | 725 | - | - | 725 |
| - | - | 4,845 | 2,239 | - | 7,084 |
| - | - | 39,000 | 5,632 | - | 44,632 |
| - | - | 13,201 | 2,294 | - | 15,495 |
| - | - | 3,944 | 3,858 | 3,874 | \$ 11,676 |

(Continued)

ROCK HILL SCHOOL DISTRICT THREE
 ROCK HILL, SOUTH CAROLINA

SPECIAL REVENUE FUND

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

YEAR ENDED JUNE 30, 2019

| | Title I (BA Projects) (201) | IDEA (CA Projects) (203) |
|--|-----------------------------------|--------------------------------|
| 183 Adult English Literacy (ESL): | | |
| 100 Salaries | \$ - | - |
| 200 Employee Benefits | - | - |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | - | - |
| 188 Parenting/Family Literacy: | | |
| 100 Salaries | 101,568 | - |
| 200 Employee Benefits | 53,304 | - |
| 300 Purchased Services | 6,684 | - |
| 400 Supplies and Materials | 25,616 | - |
| Total Instruction | <u>2,741,095</u> | <u>2,913,821</u> |
| 200 Support Services: | | |
| 210 Pupil Services: | | |
| 212 Guidance Services: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 400 Supplies and Materials | - | - |
| 213 Health Services: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 300 Purchased Services | - | 369 |
| 214 Psychological Services: | | |
| 300 Purchased Services | - | 4,128 |
| 215 Exceptional Program Services: | | |
| 300 Purchased Services | - | 489 |
| 216 Career and Technical Education Placement Services: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | - | - |
| 220 Instructional Staff Services: | | |
| 221 Improvement of Instruction - Curriculum Development: | | |
| 100 Salaries | 578,245 | - |
| 200 Employee Benefits | 210,880 | - |
| 300 Purchased Services | - | 44,036 |
| 222 Library and Media Services: | | |
| 400 Supplies and Materials | - | - |
| 223 Supervision of Special Programs: | | |
| 100 Salaries | 37,171 | 104,568 |
| 200 Employee Benefits | 18,389 | 30,633 |
| 300 Purchased Services | 189,896 | 20,466 |
| 400 Supplies and Materials | \$ 85 | 34,292 |

| Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (243/292) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--|---|--|--|---|------------------|
| - | - | 12,419 | - | - | \$ 12,419 |
| - | - | 1,059 | - | - | 1,059 |
| - | - | 68 | - | - | 68 |
| - | - | 12,584 | - | - | 12,584 |
| - | - | - | - | 127,575 | 229,143 |
| - | - | - | - | 60,839 | 114,143 |
| - | - | - | - | - | 6,684 |
| - | - | - | - | 245 | 25,861 |
| 133,856 | 19,341 | 201,708 | 120,901 | 1,891,482 | 8,022,204 |

| | | | | | |
|---|---------|-----|---------|---------|-----------|
| - | 135,285 | - | 602,582 | - | 737,867 |
| - | 53,990 | - | 293,325 | - | 347,315 |
| - | - | - | - | 53 | 53 |
| - | - | - | 333,214 | 224,011 | 557,225 |
| - | - | - | 129,869 | 92,159 | 222,028 |
| - | - | - | - | 100,435 | 100,804 |
| - | - | - | - | 441 | 4,569 |
| - | - | - | - | - | 489 |
| - | - | - | - | 39,540 | 39,540 |
| - | - | - | - | 11,862 | 11,862 |
| - | - | - | - | 1,985 | 1,985 |
| - | - | - | - | 1,111 | 1,111 |
| - | - | - | 668,830 | 190,333 | 1,437,408 |
| - | - | - | 197,238 | 69,959 | 478,077 |
| - | - | - | - | - | 44,036 |
| - | - | - | - | 676 | 676 |
| - | - | - | - | 1,174 | 142,913 |
| - | - | - | - | 348 | 49,370 |
| - | - | 409 | - | 13,676 | 224,447 |
| - | - | - | - | - | \$ 34,377 |

(Continued)

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

SPECIAL REVENUE FUND

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

YEAR ENDED JUNE 30, 2019

| | Title I (BA Projects) (201) | IDEA (CA Projects) (203) |
|--|--|---|
| 224 Improvement of Instruction Inservice and Staff Training: | | |
| 100 Salaries | \$ - | - |
| 200 Employee Benefits | - | - |
| 300 Purchased Services | 18,368 | 32,365 |
| 400 Supplies and Materials | 22,620 | - |
| 230 General Administration Services: | | |
| 233 School Administration: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 400 Supplies and Materials | - | - |
| 250 Finance and Operations Services: | | |
| 251 Student Transportation (Federal/District Mandated): | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | - | - |
| 253 Facilities Acquisition and Construction: | | |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | - | - |
| 254 Operation and Maintenance of Plant: | | |
| 300 Purchased Services | - | - |
| 255 Student Transportation (State Mandated): | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 300 Purchased Services | - | - |
| 257 Internal Services: | | |
| 400 Supplies and Materials | - | - |
| 258 Security: | | |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | - | - |
| 500 Capital Outlay | - | - |
| 260 Central Support Services: | | |
| 264 Staff Services: | | |
| 300 Purchased Services | - | - |
| 380 Head of Organizational Unit Travel | - | - |
| 266 Technology and Data Processing Services: | | |
| 300 Purchased Services | - | - |
| 400 Supplies and Materials | - | - |
| 270 Support Services - Pupil Activity: | | |
| 271 Pupil Services Activities: | | |
| 100 Salaries (Optional) | - | - |
| 200 Employee Benefits (Optional) | \$ - | - |

| Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (243/292) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--|--------------------------------|---------------------------------|--|--|-----------|
| - | - | - | 37,337 | 26,401 | \$ 63,738 |
| - | - | - | 13,516 | 9,195 | 22,711 |
| - | 9,686 | - | 199 | 93,783 | 154,401 |
| - | - | - | - | 463 | 23,083 |
| - | - | - | - | 1,211 | 1,211 |
| - | - | - | - | 337 | 337 |
| - | - | - | - | 6,029 | 6,029 |
| - | - | - | - | 41,839 | 41,839 |
| - | - | - | - | 11,857 | 11,857 |
| - | - | - | - | 5,062 | 5,062 |
| - | - | - | - | 15,238 | 15,238 |
| - | - | - | - | 737 | 737 |
| - | - | - | - | 45,019 | 45,019 |
| - | - | - | - | 136,492 | 136,492 |
| - | - | - | - | 21,666 | 21,666 |
| - | - | - | - | 13,727 | 13,727 |
| - | - | - | - | 4,548 | 4,548 |
| - | - | - | - | 1,500 | 1,500 |
| - | - | - | - | 5,298 | 5,298 |
| - | - | - | 16,429 | 23,852 | 40,281 |
| - | - | - | 55,572 | - | 55,572 |
| - | - | - | - | 11,806 | 11,806 |
| - | - | - | - | 10,651 | 10,651 |
| - | - | - | - | 2,798 | 2,798 |
| - | - | - | - | 4,863 | 4,863 |
| - | - | - | - | 1,008 | 1,008 |
| - | - | - | - | 397 | \$ 397 |

(Continued)

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

SPECIAL REVENUE FUND

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

YEAR ENDED JUNE 30, 2019

| | Title I (BA Projects) (201) | IDEA (CA Projects) (203) |
|--|--|---|
| 300 Purchased Services (Optional) | \$ - | - |
| 400 Supplies and Materials (Optional) | - | - |
| 600 Other Objects (Optional) | - | - |
| Total Support Services | 1,075,654 | 271,346 |
| 300 Community Services: | | |
| 360 Welfare Services: | | |
| 400 Supplies and Materials | - | - |
| 390 Other Community Services: | | |
| 100 Salaries | - | - |
| 200 Employee Benefits | - | - |
| 600 Other Objects | - | - |
| Total Community Services | - | - |
| 410 Intergovernmental Expenditures: | | |
| 411 Payments to SDE | | |
| 720 Transits | - | - |
| 419 Payments from Nonemployer Contributions | | |
| 720 Transits | - | - |
| Total Intergovernmental Expenditures | - | - |
| TOTAL EXPENDITURES | 3,816,749 | 3,185,167 |
| OTHER FINANCING SOURCES (USES) | | |
| Interfund Transfers, From (To) Other Funds: | | |
| 5210 Transfer from General Fund (Exclude Indirect Costs) | - | - |
| 5220 Transfer from Special Revenue Fund (Exclude Indirect Costs) | - | - |
| 421-710 Transfer to Special Revenue Fund | - | - |
| 431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund) | (214,120) | (178,688) |
| TOTAL OTHER FINANCING SOURCES (USES) | (214,120) | (178,688) |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | - | - |
| FUND BALANCES, Beginning of Year | - | - |
| FUND BALANCES, End of Year | \$ - | - |

| Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (243/292) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--|---|--|--|---|----------------------------|
| - | - | - | - | 3,998 | \$ 3,998 |
| - | - | - | - | 1,277 | 1,277 |
| - | 25,000 | - | - | 6,788 | 31,788 |
| <u>-</u> | <u>223,961</u> | <u>409</u> | <u>2,348,111</u> | <u>1,255,603</u> | <u>5,175,084</u> |
| - | - | - | - | 139 | 139 |
| - | - | - | - | 6,882 | 6,882 |
| - | - | - | - | 2,852 | 2,852 |
| - | - | - | - | 13,620 | 13,620 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>23,493</u> | <u>23,493</u> |
| - | - | - | - | 201,079 | 201,079 |
| - | - | - | 1,238,608 | - | 1,238,608 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>1,238,608</u> | <u>201,079</u> | <u>1,439,687</u> |
| 133,856 | 243,302 | 202,117 | 3,707,620 | 3,371,657 | 14,660,468 |
| - | - | - | - | 2,837,143 | 2,837,143 |
| - | - | - | - | 2,443,230 | 2,443,230 |
| - | - | - | - | (2,443,230) | (2,443,230) |
| (7,502) | (13,649) | (7,349) | - | (27,707) | (49,015) |
| <u>(7,502)</u> | <u>(13,649)</u> | <u>(7,349)</u> | <u>-</u> | <u>2,809,436</u> | <u>2,388,128</u> |
| - | - | - | - | 5,465,962 | 5,465,962 |
| - | - | - | - | 1,883,895 | 1,883,895 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,349,857</u> | <u>\$ 7,349,857</u> |

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2019

OTHER DESIGNATED RESTRICTED STATE GRANTS

| | |
|-----|---|
| 919 | Education License Plates |
| 928 | EEDA Career Specialists |
| 935 | Reading Coaches |
| 936 | Student Health and Fitness - Nurses |
| 937 | Student Health and Fitness - PE Teachers |
| 955 | DSS SNAP & E&T Program |
| 956 | SNAP - Adult Education |
| 970 | School Safety - Facility and Infrastructure Safety Upgrades |
| 994 | PEBA Nonemployer Contributions |

OTHER SPECIAL REVENUE PROGRAMS

| | |
|-----|---|
| 210 | Title IV - SSAE |
| 221 | Title I (Neglected and Delinquent) |
| 238 | Title I - School Improvement Mini Grant |
| 240 | Title I - Direct Student Services |
| 264 | Language Instruction for Limited English Proficient and Immigrant Students, Title III |
| 267 | Improving Teacher Quality (Carryover Provision) |
| 280 | Medicaid |
| 291 | Attendance Make-Up |
| 295 | ROTC |
| 298 | ATC House Project |
| 801 | After School Program |
| 802 | Tuition |
| 822 | Extended School Year |
| 826 | Summer School High School |
| 827 | JSCG Grant |
| 832 | Professional Development |
| 833 | Arts in Education - Northside |
| 835 | DHEC Solid Waste Grants |
| 861 | Great Outdoors |
| 862 | York County First Steps |
| 864 | Community Services - Transportation |
| 866 | Misc State Restricted |
| 869 | Back the Pack |
| 870 | First Steps Parent Smart Grant |
| 872 | Retention |
| 873 | Sisters of Mercy of N.C. Foundation |
| 874 | Technology Protection Plan |
| 875 | PIRC Grant |
| 879 | Special Needs Transportation |
| 882 | E-Rate |
| 888 | SREB Southern Regional Education Board |
| 890 | Winthrop Program |
| 891 | Testing - PSAT |
| 894 | Title VII Indian Grant |
| 897 | Credit Recovery |
| 899 | Local School Projects |

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2019

| Subfund | Revenue | Programs | Revenues | Expenditures | Special Revenue | | Special Revenue Fund Unearned |
|---------------|---------|---|---------------------|------------------|------------------------------|-------------------------------|-------------------------------|
| | | | | | Interfund Transfers In (Out) | Other Fund Transfers In (Out) | |
| 919 | 3193 | Education License Plates | \$ 2,758 | 2,758 | - | - | \$ - |
| 928 | 3118 | EEDA Career Specialists | 895,907 | 895,907 | - | - | - |
| 935 | 3135 | Reading Coaches | 866,068 | 866,068 | - | - | - |
| 936 | 3136 | Student Health and Fitness - Nurses | 463,083 | 463,083 | - | - | 40,308 |
| 937 | 3127 | Student Health and Fitness - PE Teachers | 104,121 | 104,121 | - | - | 21,096 |
| 955 | 3155 | DSS SNAP & E&T Program | 7,926 | 7,926 | - | - | 1,983 |
| 956 | 3156 | Adult Education | 57,149 | 57,149 | - | - | 14,225 |
| 970 | 3670 | School Safety - Facility and Infrastructure Safety Upgrades | 72,000 | 72,000 | - | - | - |
| 994 | 3994 | PEBA Nonemployer Contributions | 1,238,608 | 1,238,608 | - | - | - |
| Totals | | | \$ 3,707,620 | 3,707,620 | - | - | \$ 77,612 |

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

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|---|--------------------------|
| REVENUES | |
| 3000 Revenue from State Sources: | |
| 3500 Education Improvement Act: | |
| 3502 ADEPT | \$ 20,996 |
| 3507 Aid to District Technology | 233,830 |
| 3509 Arts in Education | 36,177 |
| 3511 Professional Development | 38,846 |
| 3518 Adoption List of Formative Assessment | 82,000 |
| 3519 Grade 10 Assessments | 128,751 |
| 3526 Refurbishment of Science Kits | 58,539 |
| 3528 Industry Certificates / Credentials | 102,485 |
| 3529 Career and Technology Education | 493,971 |
| 3532 National Board Salary Supplement (No Carryover Provision) | 1,265,254 |
| 3533 Teacher of the Year Awards (No Carryover Provision) | 1,077 |
| 3538 Student at Risk of School Failure | 2,161,080 |
| 3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children) | 641,988 |
| 3550 Teacher Salary Increase (No Carryover Provision) | 4,209,071 |
| 3555 Teacher Salary Fringe (No Carryover Provision) | 863,449 |
| 3556 Adult Education | 407,582 |
| 3557 Summer Reading Program | 263,268 |
| 3558 Reading (Carryover) | 11,649 |
| 3571 CSI and Priority Schools | 11,016 |
| 3577 Teacher Supplies (No Carryover Provision) | 347,325 |
| 3595 EEDA - Supplies and Materials | 22,438 |
| 3597 Aid to Districts | 341,618 |
| 3599 Other EIA | 13,269 |
| Total Revenue from State Sources | <u>11,755,679</u> |
| TOTAL REVENUE ALL SOURCES | <u>11,755,679</u> |
| EXPENDITURES | |
| 100 Instruction: | |
| 110 General Instruction: | |
| 111 Kindergarten Programs: | |
| 100 Salaries | 15,000 |
| 200 Employee Benefits | 4,188 |
| 112 Primary Programs: | |
| 100 Salaries | 638,198 |
| 200 Employee Benefits | 255,973 |
| 300 Purchased Services | 60,637 |
| 400 Supplies and Materials | \$ 347,757 |

(Continued)

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

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|--|---------------|
| 113 Elementary Programs: | |
| 100 Salaries | \$ 476,353 |
| 200 Employee Benefits | 161,912 |
| 300 Purchased Services | 31,478 |
| 400 Supplies and Materials | 79,336 |
| 114 High School Programs: | |
| 100 Salaries | 527,941 |
| 200 Employee Benefits | 186,599 |
| 300 Purchased Services | 275,942 |
| 400 Supplies and Materials | 128,806 |
| 115 Career and Technology Education Program: | |
| 100 Salaries | 48,474 |
| 200 Employee Benefits | 13,553 |
| 300 Purchased Services - Other Than Tuition | 102,485 |
| 400 Supplies and Materials | 309,870 |
| 500 Capital Outlay | 60,354 |
| 120 Exceptional Programs: | |
| 121 Educable Mentally Handicapped: | |
| 100 Salaries | 15,000 |
| 200 Employee Benefits | 4,979 |
| 400 Supplies and Materials | 3,075 |
| 122 Trainable Mentally Handicapped: | |
| 100 Salaries | 46,654 |
| 200 Employee Benefits | 24,542 |
| 300 Purchased Services | 128 |
| 400 Supplies and Materials | 2,571 |
| 123 Orthopedically Handicapped: | |
| 400 Supplies and Materials | 96 |
| 124 Visually Handicapped: | |
| 400 Supplies and Materials | 550 |
| 125 Hearing Handicapped: | |
| 100 Salaries | 7,500 |
| 200 Employee Benefits | 2,101 |
| 400 Supplies and Materials | 1,251 |
| 126 Speech Handicapped: | |
| 400 Supplies and Materials | 5,775 |
| 127 Learning Disabilities: | |
| 100 Salaries | 54,882 |
| 200 Employee Benefits | 15,293 |
| 400 Supplies and Materials | 20,928 |
| 128 Emotionally Handicapped: | |
| 400 Supplies and Materials | \$ 1,672 |

(Continued)

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

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|---|---------------|
| 130 Pre-School Programs: | |
| 133 Preschool Handicapped Self- Contained (5Yr. Olds) | |
| 400 Supplies and Materials | \$ 550 |
| 137 Preschool Handicapped Self-Contained (3-and 4-Yr.Olds): | |
| 400 Supplies and Materials | 1,375 |
| 139 Early Childhood Programs: | |
| 100 Salaries | 405,116 |
| 200 Employee Benefits | 186,759 |
| 400 Supplies and Materials | 59,697 |
| 140 Special Programs: | |
| 141 Gifted and Talented Academic: | |
| 100 Salaries | 27,461 |
| 200 Employee Benefits | 7,642 |
| 160 Other Exceptional Programs: | |
| 161 Autism: | |
| 400 Supplies and Materials | 740 |
| 170 Summer School Programs: | |
| 171 Primary Summer School: | |
| 100 Salaries | 201,879 |
| 200 Employee Benefits | 58,391 |
| 400 Supplies and Materials | 2,999 |
| 172 Elementary Summer School: | |
| 100 Salaries | 8,476 |
| 200 Employee Benefits | 2,529 |
| 173 High School Summer School: | |
| 100 Salaries | 6,584 |
| 200 Employee Benefits | 1,919 |
| 175 Instructional Programs Beyond Regular School Day: | |
| 100 Salaries | 63,051 |
| 200 Employee Benefits | 17,545 |
| 300 Purchased Services | 5,875 |
| 400 Supplies and Materials | 2,431 |
| 180 Adult/Continuing Educational Programs: | |
| 181 Adult Basic Education Programs: | |
| 100 Salaries | 1,177 |
| 200 Employee Benefits | 357 |
| 300 Purchased Services | 294 |
| 400 Supplies and Materials | 86 |
| 182 Adult Secondary Education Programs: | |
| 100 Salaries | 6,782 |
| 200 Employee Benefits | \$ 6,157 |

(Continued)

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

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|--|------------------|
| 300 Purchased Services | \$ 599 |
| 400 Supplies and Materials | 13,626 |
| Total Instruction | <u>5,021,950</u> |
| 200 Support Services: | |
| 210 Pupil Services: | |
| 211 Attendance and Social Work Services: | |
| 100 Salaries | 55,411 |
| 200 Employee Benefits | 28,268 |
| 212 Guidance Services: | |
| 100 Salaries | 114,924 |
| 200 Employee Benefits | 44,402 |
| 300 Purchased Services | 8,824 |
| 400 Supplies and Materials | 13,003 |
| 213 Health Services: | |
| 300 Purchased Services | 7,500 |
| 220 Instructional Staff Services: | |
| 221 Improvement of Instruction Curriculum Development: | |
| 100 Salaries | 123,234 |
| 200 Employee Benefits | 47,835 |
| 300 Purchased Services | 11,016 |
| 222 Library and Media Services: | |
| 100 Salaries | 20,000 |
| 200 Employee Benefits | 5,621 |
| 223 Supervision of Special Programs: | |
| 100 Salaries | 445,755 |
| 200 Employee Benefits | 175,817 |
| 300 Purchased Services | 4,370 |
| 400 Supplies and Materials | 4,838 |
| 224 Improvement of Instruction Inservice and Staff Training: | |
| 100 Salaries | 46,687 |
| 200 Employee Benefits | 14,395 |
| 300 Purchased Services | 203,249 |
| 400 Supplies and Materials | 7,370 |
| 230 General Administration Services: | |
| 233 School Administration: | |
| 100 Salaries | (625) |
| 300 Purchased Services | 652 |
| 250 Finance and Operations Services: | |
| 251 Student Transportation (Federal/District Mandated): | |
| 100 Salaries | 30,927 |
| 200 Employee Benefits | 6,995 |
| 600 Other Objects | \$ 2,608 |
| | (Continued) |

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

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|---|-------------------------|
| 260 Central Support Services: | |
| 266 Technology and Data Processing Services: | |
| 300 Purchased Services | \$ 38,377 |
| 400 Supplies and Materials | 198,702 |
| 270 Support Services - Pupil Activity: | |
| 271 Pupil Services Activities: | |
| 400 Supplies and Materials (Optional) | 680 |
| 660 Pupil Activity | 374 |
| Total Support Services | <u>1,661,209</u> |
| TOTAL EXPENDITURES | <u>6,683,159</u> |
| OTHER FINANCING SOURCES (USES) | |
| Interfund Transfers, From (To) Other Funds: | |
| 420-710 Transfer to General Fund (Exclude Indirect Costs) | (5,072,520) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(5,072,520)</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | - |
| FUND BALANCE, Beginning of Year | <u>-</u> |
| FUND BALANCE, End of Year | <u>\$ -</u> |

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2019

| Program | Revenues | Expenditures | EIA Interfund Transfers In/(Out) | Other Fund Transfers In/(Out) | EIA Fund Unearned Revenue |
|--|----------------------|------------------|--|-------------------------------------|---------------------------------|
| 3500 Education Improvement Act: | | | | | |
| 3502 ADEPT | \$ 20,996 | 20,996 | - | - | \$ - |
| 3507 Aid to District Technology | 233,830 | 233,830 | - | - | 15,988 |
| 3509 Arts in Education | 36,177 | 36,177 | - | - | 2,415 |
| 3511 Professional Development | 38,846 | 38,846 | - | - | - |
| 3518 Adoption List of Formative Assessment | 82,000 | 82,000 | - | - | 4,781 |
| 3519 Grade 10 Assessments | 128,751 | 128,751 | - | - | - |
| 3526 Refurbishment of Science Kits | 58,539 | 58,539 | - | - | 49,595 |
| 3528 Industry Certificates / Credentials | 102,485 | 102,485 | - | - | 34,448 |
| 3529 Career and Technology Education | 493,971 | 493,971 | - | - | 129,035 |
| 3532 National Board Salary Supplement (No Carryover Provision) | 1,265,254 | 1,265,254 | - | - | - |
| 3533 Teacher of the Year Awards (No Carryover Provision) | 1,077 | 1,077 | - | - | - |
| 3538 Student at Risk of School Failure | 2,161,080 | 2,161,080 | - | - | 1,119,732 |
| 3540 Early Childhood Programs (4K Programs Serving Four-Year Old Children) | 641,988 | 641,988 | - | - | - |
| 3550 Teacher Salary Increase (No Carryover Provision) | 4,209,071 | - | - | (4,209,071) | - |
| 3555 Teacher Salary Fringe (No Carryover Provision) | 863,449 | - | - | (863,449) | - |
| 3556 Adult Education | 407,582 | 407,582 | - | - | 51,425 |
| 3557 Summer Reading Program | 263,268 | 263,268 | - | - | 50,753 |
| 3558 Reading (Carryover) | 11,649 | 11,649 | - | - | - |
| 3571 CSI and Priority Schools | 11,016 | 11,016 | - | - | 333,984 |
| 3577 Teacher Supplies (No Carryover Provision) | 347,325 | 347,325 | - | - | - |
| 3595 EEDA Career Awareness | 22,438 | 22,438 | - | - | 9,189 |
| 3597 Aid to Districts | 341,618 | 341,618 | - | - | 446,825 |
| 3599 Other EIA | 13,269 | 13,269 | - | - | 17,500 |
| Totals | \$ 11,755,679 | 6,683,159 | - | (5,072,520) | \$ 2,265,670 |

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

| Program | Project/ Grant Number | Revenue & Subfund Code | Description | Amount Due to State Dept. of Education or Federal Government | Status of Amount Due to Grantors |
|----------------|--------------------------------------|---|--------------------|---|---|
| None | | | | | |

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

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|---|-------------------------|
| REVENUES | |
| 1000 Revenues from Local Sources: | |
| 1600 Food Service: | |
| 1610 Lunch Sales to Pupils | \$ 1,084,089 |
| 1620 Breakfast Sales to Pupils | 75,170 |
| 1630 Special Sales to Pupils | 654,943 |
| 1640 Lunch Sales to Adults | 39,779 |
| 1650 Breakfast Sales to Adults | 1,839 |
| 1660 Special Sales to Adults | 10,013 |
| 1900 Other Revenue from Local Sources: | |
| 1999 Revenue from Other Local Sources | 500 |
| Total Revenue from Local Sources | <u>1,866,333</u> |
| 4000 Revenue from Federal Sources: | |
| 4800 USDA Reimbursement: | |
| 4810 School Lunch and After School Snacks Program, and Special Milk Program | 3,859,776 |
| 4830 School Breakfast Program (Carryover Provision) | 1,309,738 |
| 4900 Other Federal Sources: | |
| 4991 USDA Commodities (Food Distribution Program) (Carryover Provision) | 519,565 |
| Total Revenue from Federal Sources | <u>5,689,079</u> |
| TOTAL REVENUE ALL SOURCES | <u>7,555,412</u> |
| EXPENDITURES | |
| 256 Food Service: | |
| 100 Salaries | 86,576 |
| 140 Terminal Leave | 1,226 |
| 200 Employee Benefits | 34,876 |
| 300 Purchased Services (Exclude Energy Costs) | 6,907,908 |
| 400 Supplies and Materials (Include Energy Costs) | 706,309 |
| 500 Capital Outlay | 865,303 |
| 600 Other Objects | 4,277 |
| Total Food Services Expenditures | <u>8,606,475</u> |
| TOTAL EXPENDITURES | <u>8,606,475</u> |
| OTHER FINANCING SOURCES (USES) | |
| 5300 Sale of Capital Assets | \$ 4,608 |

(Continued)

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

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|---|----------------------------|
| Interfund Transfers, From (To) Other Funds: | |
| 5210 Transfer from General Fund (Excludes Indirect Costs) | \$ 19,359 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>23,967</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | (1,027,096) |
| FUND BALANCE, Beginning of Year | <u>4,742,327</u> |
| FUND BALANCE, End of Year | <u><u>\$ 3,715,231</u></u> |

DEBT SERVICE FUND

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

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

(This page intentionally left blank.)

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|---|-----------------------------|
| REVENUES | |
| 1000 Revenue from Local Sources: | |
| 1100 Taxes Levied / Assessed by the LEA: | |
| 1110 Ad Valorem Taxes-Including Delinquent (Independent) | \$ 23,095,649 |
| 1140 Penalties & Interest on Taxes (Independent) | 87,144 |
| 1200 Revenue from Local Governmental Units Other than LEAs: | |
| 1280 Revenue in Lieu of Taxes (Independent and Dependent) | 1,258,994 |
| 1500 Earnings on Investments: | |
| 1510 Interest on Investments | 262,489 |
| Total Revenue from Local Sources | <u>24,704,276</u> |
| 3000 Revenue from State Sources: | |
| 3800 State Revenue in Lieu of Taxes (Independent and Dependent): | |
| 3820 Homestead Exemption (Tier 2) | 864,295 |
| 3830 Merchant's Inventory Tax | 107,676 |
| 3840 Manufacturers Depreciation Reimbursement | 469,556 |
| 3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax) | 67,107 |
| Total Revenue from State Sources | <u>1,508,634</u> |
| TOTAL REVENUE ALL SOURCES | <u>26,212,910</u> |
| EXPENDITURES | |
| 500 Debt Service: | |
| 610 Redemption of Principal | 9,765,000 |
| 620 Interest | 8,092,553 |
| 690 Other Objects (Includes Fees for Servicing Bonds) | 3,863 |
| Total Debt Service | <u>17,861,416</u> |
| TOTAL EXPENDITURES | <u>17,861,416</u> |
| OTHER FINANCING SOURCES (USES) | |
| Interfund Transfers, From (To) Other Funds: | |
| 424-710 Transfer to Capital Projects Fund | (8,511,515) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(8,511,515)</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | (160,021) |
| FUND BALANCE, Beginning of Year | <u>11,651,605</u> |
| FUND BALANCE, End of Year | <u>\$ 11,491,584</u> |

(This page intentionally left blank.)

CAPITAL PROJECTS FUND

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

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

(This page intentionally left blank.)

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

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|---|--------------------------|
| REVENUES | |
| 1000 Revenue from Local Sources: | |
| 1500 Earnings on Investments: | |
| 1510 Interest on Investments | \$ 811,751 |
| 1900 Other Revenue from Local Sources: | |
| 1999 Revenue from Other Local Sources | 500 |
| Total Revenue from Local Sources | <u>812,251</u> |
| TOTAL REVENUE ALL SOURCES | <u>812,251</u> |
| EXPENDITURES | |
| 100 Instruction: | |
| 113 Elementary Programs: | |
| 400 Supplies and Materials | 26,664 |
| 114 High School Programs: | |
| 400 Supplies and Materials | 49,744 |
| 115 Career and Technology Education Programs: | |
| 400 Supplies and Materials | 22,364 |
| Total Instruction | <u>98,772</u> |
| 250 Finance and Operations Services: | |
| 253 Facilities Acquisition & Construction: | |
| 100 Salaries | 4,292 |
| 200 Employee Benefits | 1,206 |
| 300 Purchased Services | 3,078,999 |
| 400 Supplies and Materials | 3,924,703 |
| 500 Capital Outlay: | |
| 520 Construction Services | 20,255,889 |
| 530 Improvements Other Than Buildings | 806,420 |
| 540 Equipment | 462,393 |
| 545 Technology, Equipment and Software | 494,230 |
| 550 Vehicles | 285,638 |
| 560 Library Books | 247,223 |
| Total Support Services | <u>29,560,993</u> |
| 500 Debt Service: | |
| 395 Other Professional and Technological Services | 1,400 |
| 690 Other Objects (Includes Fees for Servicing Bonds) | 47,690 |
| Total Debt Service | <u>49,090</u> |
| TOTAL EXPENDITURES | <u>29,708,855</u> |
| OTHER FINANCING SOURCES (USES) | |
| 5100 Sale of Bonds | |
| 5110 Premium on Bonds Sold | 64,819 |
| 5300 Sale of Capital Assets | \$ 682,268 |

(Continued)

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

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|--|-----------------------------|
| Interfund Transfers, From (To) Other Funds: | |
| 5240 Transfer from Debt Service Fund | \$ 8,511,515 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>9,258,602</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | (19,638,002) |
| FUND BALANCE, Beginning of Year | <u>41,808,240</u> |
| FUND BALANCE, End of Year | <u>\$ 22,170,238</u> |

FIDUCIARY FUND

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

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

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

AGENCY FUND - PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2019

| | <u>ACTUAL</u> |
|---|----------------------------|
| RECEIPTS | |
| 1000 Receipts from Local Sources: | |
| 1700 Pupil Activities: | |
| 1710 Admissions | \$ 435,072 |
| 1730 Pupil Organization Membership Dues and Fees | 126,990 |
| 1740 Student Fees | 199,152 |
| 1790 Pupil Activity Income | 2,269,100 |
| 1900 Other Revenue from Local Sources | |
| 1920 Contributions & Donations Private Sources | 9,291 |
| Total Receipts from Local Sources | <u>3,039,605</u> |
| TOTAL RECEIPTS ALL SOURCES | <u>3,039,605</u> |
| DISBURSEMENTS | |
| 100 Instruction: | |
| 190 Instructional Pupil Activity: | |
| 400 Supplies and Materials (Optional) | 14,444 |
| 600 Other Objects (Optional) | 2,448 |
| Total Instruction | <u>16,892</u> |
| 200 Support Services: | |
| 270 Support Services - Pupil Activity | |
| 271 Pupil Service Activities: | |
| 100 Salaries (Optional) | 214,199 |
| 200 Employee Benefits (Optional) | 63,206 |
| 300 Purchased Services (Optional) | 399,409 |
| 400 Supplies and Materials (Optional) | 1,752,277 |
| 660 Pupil Activity | 714,800 |
| Total Pupil Activity Expenditures | <u>3,143,891</u> |
| TOTAL DISBURSEMENTS | <u>3,160,783</u> |
| OTHER FINANCING SOURCES (USES) | |
| Interfund Transfers, From (To) Other Funds: | |
| 5210 Transfer from General Fund (Excludes Indirect Costs) | 76,200 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>76,200</u> |
| EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS | (44,978) |
| DUE TO STUDENT ORGANIZATIONS, Beginning of Year | <u>1,412,085</u> |
| DUE TO STUDENT ORGANIZATIONS, End of Year | <u>\$ 1,367,107</u> |

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

AGENCY FUND - PUPIL ACTIVITY FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2019

| | <u>Balance at June 30, 2018</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance at June 30, 2019</u> |
|------------------------------|-------------------------------------|------------------|-------------------|-------------------------------------|
| ASSETS | | | | |
| Receivables | \$ 1,412,085 | - | (44,978) | \$ 1,367,107 |
| TOTAL ASSETS | <u>\$ 1,412,085</u> | <u>-</u> | <u>(44,978)</u> | <u>\$ 1,367,107</u> |
| LIABILITIES | | | | |
| Due to Student Organizations | \$ 1,412,085 | - | (44,978) | \$ 1,367,107 |
| TOTAL LIABILITIES | <u>\$ 1,412,085</u> | <u>-</u> | <u>(44,978)</u> | <u>\$ 1,367,107</u> |

(This page intentionally left blank.)

Location Reconciliation

As Requested by the South Carolina
Department of Education

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

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2019

| LOCATION ID | LOCATION DESCRIPTION | EDUCATION LEVEL | COST TYPE | TOTAL EXPENDITURES |
|--------------------|-----------------------------|------------------------|------------------|---------------------------|
| 00 | Districtwide | Non-Schools | Central | \$ 20,937,288 |
| 02 | Bellevue Elementary | Elementary Schools | School | 4,943,155 |
| 04 | Castle Heights Middle | Middle Schools | School | 6,362,936 |
| 05 | Central Child Dev. Center | Other Schools | School | 2,154,846 |
| 06 | Ebenezer Avenue Elementary | Elementary Schools | School | 5,796,690 |
| 07 | Dutchman Creek Middle | Middle Schools | School | 6,845,709 |
| 08 | Ebinport Elementary | Elementary Schools | School | 3,354,022 |
| 14 | Finley Road Elementary | Elementary Schools | School | 3,998,630 |
| 16 | Independence Elementary | Elementary Schools | School | 4,428,848 |
| 18 | India Hook Elementary | Elementary Schools | School | 4,365,447 |
| 20 | Leslie Elementary | Elementary Schools | School | 3,451,790 |
| 22 | Mt. Gallant Elementary | Elementary Schools | School | 3,761,127 |
| 23 | Mt. Holly Elementary | Elementary Schools | School | 3,804,652 |
| 24 | Northside Elementary | Elementary Schools | School | 8,873,794 |
| 26 | Northwestern High | High Schools | School | 14,522,492 |
| 28 | Oakdale Elementary | Elementary Schools | School | 5,423,376 |
| 29 | Old Pointe Elementary | Elementary Schools | School | 4,017,014 |
| 30 | Rawlinson Road Middle | Middle Schools | School | 7,096,034 |
| 31 | Renaissance Academy | Other Schools | School | 433,423 |
| 32 | Richmond Drive Elementary | Elementary Schools | School | 3,583,915 |
| 33 | T-3 | Other Schools | School | 360,126 |
| 34 | ParentSmart | Other Schools | School | 586,702 |
| 36 | Applied Technology Center | Other Schools | School | 4,029,518 |
| 38 | Rock Hill High | High Schools | School | 16,267,271 |
| 40 | Rosewood Elementary | Elementary Schools | School | 5,146,232 |
| 41 | South Pointe High | High Schools | School | 12,362,106 |
| 42 | Sullivan Middle | Middle Schools | School | 6,857,341 |
| 44 | Sunset Park Elementary | Elementary Schools | School | 5,905,122 |
| 46 | The Children's School | Other Schools | School | 252,347 |
| 48 | York Road Elementary | Elementary Schools | School | 4,049,663 |
| 49 | Phoenix Academy | Other School | School | 1,466,909 |
| 50 | Saluda Trail Middle | Middle Schools | School | 7,171,822 |
| 52 | Cherry Park Elementary | Elementary Schools | School | 11,436,560 |
| 60 | Office of Superintendent | Non-Schools | Central | 488,839 |
| 65 | Health Services | Non-Schools | Central | 46,799 |
| 66 | Facilities Services | Non-Schools | Central | 5,950,291 |
| 68 | Food Service | Non-Schools | Central | 7,559,534 |
| 70 | Transportation | Non-Schools | Central | 5,586,484 |
| 72 | Purchasing | Non-Schools | Central | 459,744 |
| 76 | Adult Education | Other Schools | School | 824,890 |
| 78 | Personnel | Non-Schools | Central | 1,235,079 |
| 80 | Finance | Non-Schools | Central | 1,419,242 |
| 81 | Administrative Services | Non-Schools | Central | 785,521 |
| 82 | Information Services | Non-Schools | Central | 239,280 |
| 83 | Student Services | Non-Schools | Central | \$ 253,126 |

(Continued)

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

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2019

| LOCATION ID | LOCATION DESCRIPTION | EDUCATION LEVEL | COST TYPE | TOTAL EXPENDITURES |
|---|-------------------------------|------------------------|------------------|---------------------------|
| 84 | Planning | Non-Schools | Central | \$ 678,830 |
| 85 | Community Partnerships | Non-Schools | Central | 300,575 |
| 86 | Exceptional Student Education | Non-Schools | Central | 6,896,973 |
| 87 | Technology | Non-Schools | Central | 4,200,124 |
| 88 | District 3 Stadium South | Non-Schools | Central | 70,692 |
| 89 | District 3 Stadium | Non-Schools | Central | 166,685 |
| 90 | Board of Trustees | Non-Schools | Central | 999,086 |
| 92 | Central Office | Non-Schools | Central | 440,676 |
| 95 | Flexible Learning Center | Other Schools | School | 450,052 |
| 219 | Raven Academy | Other Schools | School | 592,380 |
| 660 | Instruction/Accountability | Non-Schools | Central | 5,294,586 |
| TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS | | | | \$ 238,986,395 |

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

| | |
|---|-----------------------|
| General Fund | \$ 158,305,239 |
| Special Revenue Fund | 14,660,468 |
| Special Revenue - EIA Fund | 6,683,159 |
| Special Revenue - Food Service | 8,606,475 |
| Debt Service Fund | 17,861,416 |
| Capital Projects Fund | 29,708,855 |
| Pupil Activity Fund | 3,160,783 |
| TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS | \$ 238,986,395 |

(This page intentionally left blank.)

Compliance Section

ROCK HILL SCHOOL DISTRICT THREE
ROCK HILL, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

| LEA Subfund Code | Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass Through Grantor's Number | Federal Expenditures |
|--|---|---------------------|------------------------------------|----------------------|
| US Department of Agriculture | | | | |
| Pass-through State Department of Education: | | | | |
| 600 | National School Breakfast Program | 10.553 | N/A | \$ 1,309,738 |
| 600 | National School Lunch Program - Cash Assistance | 10.555 | N/A | 3,859,776 |
| 600 | National School Lunch Program - Non-Cash Assistance | 10.555 | N/A | 519,565 |
| Total 10.553 & 10.555 Cluster | | | | 5,689,079 |
| Total Passed Through State Department of Education | | | | 5,689,079 |
| Total US Department of Agriculture | | | | 5,689,079 |
| US Department of Education | | | | |
| Pass-through State Department of Education: | | | | |
| 201 | Title I | 84.010A | Title I - 18 | 986,867 |
| 201 | Title I | 84.010A | Title I - 19 | 3,044,002 |
| 221 | Title I - Neglected and Delinquent | 84.013A | Title I N&D - 18 | 16,311 |
| 221 | Title I - Neglected and Delinquent | 84.010A | Title I N&D - 19 | 177,433 |
| 238 | Title I - School Improvement Mini Grant | 84.010A | Title I SID - 19 | 114,066 |
| 240 | Title I Direct Student Services | 84.010A | 18 Title I Direct Student Services | 112,294 |
| Total 84.010 & 84.010A | | | | 4,450,973 |
| Individuals with Disabilities Education Act: | | | | |
| 203 | IDEA | 84.027A | IDEA - 18 | 359,445 |
| 203 | IDEA | 84.027A | IDEA - 19 | 3,004,410 |
| 205 | IDEA - Preschool Handicapped | 84.173 | IDEA Pre-School Grants - 18 | 12,745 |
| 205 | IDEA - Preschool Handicapped | 84.173 | IDEA Pre-School Grants - 19 | 128,613 |
| 280 | Private School Placement | 84.027 | 15CE091 | 43,237 |
| 822 | Extended School Year | 84.027 | Extended School Year - 19 | 18,675 |
| Total 84.027A, 84.173, & 84.027 Cluster | | | | 3,567,125 |
| 207 | Vocational Education | 84.048A | Perkins Aid, Title I - 19 | 256,951 |
| 210 | Title IV SSAE | 84.424A | Title IV SSAE - 18 | 124,537 |
| 243 | Adult Education | 84.002 | Adult Education - 19 | 201,329 |
| 264 | Title III - English Language Acquisition | 84.365A | Title III - 19 | 69,164 |
| 264 | Title III - English Language Acquisition - Mini Grant | 84.365A | Title III Mini Grant - 18 | 20,657 |
| 267 | Title II - Improving Teacher Quality | 84.367A | Title II - 18 | 53,951 |
| 267 | Title II - Improving Teacher Quality | 84.367A | Title II - 19 | 441,667 |
| 894 | Title VII - Indian Education | 84.060A | Title VII - 19 | 11,249 |
| Total Passed Through State Department of Education | | | | 9,197,603 |
| Total US Department of Education | | | | 9,197,603 |
| US Department of Defense | | | | |
| Direct Programs: | | | | |
| 295 | JROTC | 12.000 | N/A | 176,227 |
| Total US Department of Defense | | | | 176,227 |
| US Department of Labor | | | | |
| Direct Programs: | | | | |
| 827 | Jobs for America's Graduates | 17.278 | N/A | 60,261 |
| Total US Department of Labor | | | | 60,261 |
| TOTAL FEDERAL ASSISTANCE EXPENDED | | | | \$ 15,123,170 |

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

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

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Rock Hill School District Three, Rock Hill, South Carolina (the “District”) for the year ended June 30, 2019. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

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

C – Relationship to Financial Statements

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

D – Relationship to Federal Financial Reports

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

E – Indirect Cost Rate

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

(This page intentionally left blank.)



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rock Hill School District Three, South Carolina (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2019. Our report includes a reference to another auditor who audited the financial statements of the discretely presented component unit, as described in our report on the District's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
November 26, 2019



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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Rock Hill School District Three, South Carolina's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
November 26, 2019

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2019

There were no audit findings in the prior year.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

| | | |
|--|-----------|-------------------|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (Uniform Guidance)? | _____ Yes | _____ <u>X</u> No |
|--|-----------|-------------------|

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.010 | Title I |

| | |
|--|-------------------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$ _____ <u>750,000</u> |
|--|-------------------------|

| | | |
|--|--------------------|----------|
| Auditee qualified as low-risk auditee? | _____ <u>X</u> Yes | _____ No |
|--|--------------------|----------|

Section II - Current Year Financial Statement Findings

No matters to report

Section III - Current Year Federal Award Findings and Questioned Costs

No matters to report