

**CITY OF ROCK HILL, SOUTH CAROLINA**

**COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**JUNE 30, 2002**

**Prepared by:**

**FINANCE DEPARTMENT**

**David B. Vahaun**  
**Finance Director**

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CITY OF ROCK HILL, SOUTH CAROLINA

PRINCIPAL OFFICIALS

**CITY COUNCIL**

A. Douglas Echols, Jr., Mayor  
Maxine K. Gill  
James C. Reno, Jr., Mayor Pro Tempore  
Osbey Roddey  
Winston Searles  
Kevin H. Sutton

**CITY MANAGER**

Carey F. Smith

**ASSISTANT CITY MANAGER**

Gerald E. Schapiro

**FINANCE DEPARTMENT OFFICIALS**

David B. Vahaun, Finance Director  
Andrew C. Cooper, Controller

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**CITY OF ROCK HILL, SOUTH CAROLINA**

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October 29, 2002

The Honorable Mayor and Members of City Council  
City of Rock Hill, South Carolina:

The Comprehensive Annual Financial Report of the City of Rock Hill, South Carolina, (the "City") for the year ended June 30, 2002, is submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material respects, and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds, account groups, and component unit of the City. All disclosures that are necessary to enable the reader to gain an understanding of the City's financial activity have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and federal awards. The introductory section includes this transmittal letter, the City's organization chart and the Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the general purpose financial statements, notes to general purpose financial statements and the combining, individual fund and account group financial statements and schedules, as well as the independent auditors' report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic trend data of the City and its operations. The federal awards section includes a schedule of expenditures of federal awards and independent auditors' reports on internal controls and compliance with applicable laws and regulations.

The City is required to undergo an annual single audit in conformity with the Office of Management and Budget (OMB) Circular A-133. Information related to this single audit, including the schedule of expenditures of federal awards and independent auditors' reports on internal controls and compliance with applicable laws and regulations, is included in the federal awards section of this report.

This report includes all funds and account groups of the primary government (i.e., the City of Rock Hill, as legally defined), as well as its component unit. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services to the citizens of Rock Hill. These services include police and fire protection, sanitation services, street maintenance, recreational activities, and public utilities (i.e., electrical distribution, water treatment and distribution, wastewater collection and treatment and storm water management). Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Rock Hill Joint Venture for Affordable Housing Corporation is reported as a discretely presented component unit.

## **CITY GOVERNMENT**

The City, founded in 1852 and incorporated in 1892, is located in the eastern central area of York County, South Carolina, 25 miles south of Charlotte, North Carolina, and encompasses approximately 32 square miles. The 2002 population of the City is 51,253, with a total of 88,951 people in the Greater Rock Hill Area. The government is

empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the governing council.

The City operates under the Council-Manager form of government. The governing body is composed of a mayor elected at large, and six council members elected by ward, each for four-year staggered terms. The Council is a legislative body establishing policies with recommendations by the City Manager who administers all departments of the City. All department heads are appointed by the City Manager.

## **ECONOMIC CONDITIONS AND OUTLOOK**

The City is centrally located to all Eastern and Southeastern markets. It is in the center of the country's fifth largest trade area with approximately 5 million people in a 100 mile radius. The Charlotte/Douglas International Airport, just 30 minutes from Rock Hill, is growing rapidly, with over 250 flights to 100 destinations, including London and the Bahamas. The Rock Hill/York County Municipal Airport is also growing as a center for general aviation aircraft.

The City is considered to be one of the most progressive municipalities in the State of South Carolina and has become a planning prototype for the entire Charlotte Metropolitan Statistical Area. The overall economic condition of the City continues to lead both state and national indicators. The approximate construction cost for the year ended June 30, 2002 for all construction activity was nearly \$120,000,000.

## **MAJOR INITIATIVES**

For the year ended June 30, 2002, the City initiated and completed several programs aimed at improving municipal operations and services provided to the citizens of the City. Some of the significant accomplishments and future initiatives are identified below:

### **For The Year**

#### **Emphasize Public Safety**

The City continued to increase services to citizens in the areas they feel are important - Police and Fire. 2001/02 achievements and highlights include:

- The Police Department committed to a partnership with the Housing Authority to provide additional office space for officers to work in a high crime area.
- The Police received a Bulletproof Vest Partnership grant in the amount of \$24,140 to replace bulletproof vests that are old and worn with the next generation of lighter and more effective vests. A COPS in Schools grant will also provide three School Resource Officers (SRO's) for the middle schools for three years, an award totaling \$326,301 with no required local match. Rock Hill School District 3 assisted this effort by providing equipment needed for the SRO's.
- The Police received a grant from the SC Office of Justice Programs/STOP Violence Against Women grant program to fund a professional forensic nurse manager for the York County Sexual Assault Nurse Examiner Program - \$56,619 for the first of three years, including a 25% match. This is an interagency partnership with the 16th Circuit Solicitor, the York County Sheriff, Winthrop DPS, other municipal law enforcement agencies in York County, Riverview Medical Center, and the Sexual Assault Resource Center. This effort improves services to adult victims of sexual assault and will provide consistent and accurate case documentation to enhance prosecution of sexual assault offenders.
- The City formed a partnership with the 16th Circuit Solicitor, the York County Sheriff, Winthrop University DPS, and other municipal law enforcement agencies in York County to form a regional forensic services unit. We assisted in researching and writing a grant application for seed money to implement the project and kicked off the first phase of implementation in April, 2002.
- The City completed both a water line and addition of hydrants for the York County Training Facility.
- The Fire Department worked through the budget process to hire nine new firefighters to serve as floaters throughout the department to help alleviate vacancy problems.
- An architect was hired to work with the Fire Department to build two new fire stations in the coming year.

- The Fire Department won the Richard Campbell State Award for Excellence for Fire Education.
- The Fire Department developed a communications task force that resulted in better communication with firefighters and the City Manager's Office.
- The City worked with an architect to evaluate the potential expansion or relocation of the municipal court offices.

#### Neighborhood Empowerment

- The Neighborhood Empowerment Team continued working with existing neighborhood organizations and established new associations to help the City better serve neighborhoods' specific needs. There are now 95 identified organizations.
- Established the Arcade Mills Task Force to demolish a dilapidated mill, clean the site, and redevelop the surrounding neighborhood.
- The City opened the International Center of York County to provide services to community residents from other nations.
- The City continued facilitating the development of the Hispanic Task Force. Representatives from various public and private non-profit agencies are working together to collectively address the problems created by language and cultural barriers.

#### Property Maintenance

The Property Maintenance Division of the City of Rock Hill continued to work closely with other agencies in order to ensure residents live in a premier community. Projects completed in 2001/2002 include:

- Approximately \$3,000 was saved by using City staff to fulfill an OSHA requirement to reduce all bleachers that were more than three rows to three rows or less.
- The department partnered with Rock Hill School District 3 on playground equipment installation at district schools.
- The department completed re-roofing projects at the operations center and City Hall, added additional parking facilities at the airport and completed four Victory Gardens throughout the City in celebration of Independence Day.

#### Economic Growth/Business Diversification

##### Continue to Market Business Parks

- Hyosung Corporation, a manufacturer of fibers for the tire industry, completed a new facility employing 15.
- Atotech completed expansion plans at Waterford Business Park, resulting in an investment of \$7 million and 20 new jobs.
- Transaxle Manufacturing of America, a maker of component parts for John Deere, started work on a \$35 million facility that will bring 120 jobs to the City.
- Springfield, LLC opened its corporate headquarters. Springfield is a textile manufacturer and will employ 25 people at its headquarters.
- Bowater Federal Credit Union completed a new facility at Tech Park.
- PalmettoNet, a fiber network provider, opened a facility that employs 18.
- Southern Filter Fabricators, a manufacturer of filtration products for industrial painting applications, opened its facility at Southway.
- Composite One, a distributor of fiberglass and advanced composite materials, will employ 15 people at its new 2.2 million facilities.

##### Downtown Redevelopment

- The new \$1.3 million McFadden Bass buildings were completed, resulting in an investment of \$1.1 million offering six apartments and up to four retail spaces.
- Renovations to the four-story Dalton building was completed, providing a mixed use of retail and residential.
- The Metro Grille opened in a renovated building and provides lunch and dinner menus.
- The Rock Hill Roasting Company opened for business specializing in gourmet coffees, breakfast and sandwiches.

##### Continue Corridor Development

- "Manchester Village", a 125-acre urban village located at the intersection of Dave Lyle Boulevard and I-77 is

nearly complete. Manchester Village features office, restaurant, retail, entertainment and hotels as well as a full range of residential options. It is expected that this project will generate \$80,000,000 in retail sales and create 870 new jobs for Rock Hill

- Development of the Saluda Street corridor in conjunction with the County road widening project is in progress. These improvements will develop the street into the southern gateway for the City. Revisions to the sign ordinance will require monument signs along this road.
- Redevelop along the North Cherry Road continues as the City works to bury all utility lines along the street from Interstate 77 to Cherry Park. Revisions to the sign ordinance will require monument signs along this road as well.

#### Planning and Development

- The Celanese Road Focal Point Plan was completed
- The long range transportation plan for the Rock Hill/Fort Mill Area Transportation System was initiated
- Inspections databases have been converted to Oracle to allow for contractors to schedule inspections online and see the results of these inspections.
- The department continued the Planner of the Day program which has enhanced customer services, resulted in cross-training of planners and improved department effectiveness.
- GIS staff worked on conversions of the address system to oracle databases to improve performance and reliability.
- The address system has been rewritten to provide multi-jurisdictional access within the County.
- The department developed a GIS-based database and query for the City's water and sewer annexation agreements.
- A sign amortization program was developed to be used along the Cherry Road and Saluda Road corridors.

#### Utility Improvements and Expansion

In response to land area and population increases, the City continues to expand and upgrade the utility system. 2001/2002 improvements and enhancements to the utility system include:

- Completion of the electric, water and sewer line relocations related to Phase II of the Highway 161 road widening project.
- Relocations associated with the India Hook and Saluda road widening projects.
- Creation of a system so that electric crews are available from 7am to 5pm allowing customers to call and receive assistance into the evening hours.
- Upgrades to our billing/customer service information systems with a new computer software package
- Partnership with York County to share the cost of installing water lines to the training grounds on Ogden Road

#### Financial Strength and Integrity

- A continued emphasis on long range financial planning is a cornerstone of the City's success. Options and strategies introduced and continued in 2001/2002 include:
- Continuation by the Finance department of benchmarking services to other communities in cooperation with the Palmetto Benchmarking Project
- Completion of a "dry-run" on GASB 34 implementation by developing a model set of statements based on the 2000/01 fiscal year
- Implementation of the new software solution for our financial information systems
- Continually focusing on the cost to serve models in core business areas
- Receipt of the Certificate of Achievement in Financial Reporting for the City's 1999 Comprehensive Annual Financial Report and the Distinguished Budget Presentation Award for the 2000 budget document

#### High Quality of Life

##### Parks, Recreation & Tourism

The Rock Hill Parks, Recreation & Tourism department continued to fulfill the recreational needs of our community. This year they were successful in partnering with neighborhoods and private business to provide various services. 2000/2001 accomplishments included:

- Utilization of Cherry Park catering service for meetings and events instead of hiring outside caterers
- Planning of events themes and/or decorations which enable decorations to be recycled
- The naming of Cherry Park as one of the top 25 visited attractions in South Carolina by State PRT

- Recipient of Outstanding Park Award from the National Softball Association for the 14th straight year

### Public Works Services

The Public Works department continued existing service levels, expanded some community oriented programs and continued to explore opportunities to both enhance revenues and reduce costs in 2001/2002. These accomplishments included:

- Began a new composting facility to process yard waste into saleable products and saved the city over \$195,000 in tipping fees at the County landfill
- Recycled 1,300 tons of residential waste, 466 tons of scrap metal, and 724 tons of commercial waste
- Environmental Inspectors handled 4,121 new work orders and 2,065 rechecks. This resulted in 3,720 environmental violations being corrected – including 229 junked vehicles which were either removed or brought into compliance.
- Won the Carolina Recycling Association's 2001 Award of Excellence for Outstanding County or Municipal Recycling program in North and South Carolina
- Won the Municipal Association of South Carolina award for best Public Works program for the recycling program
- The staff gave 65 classroom presentations for 4,441 students and 6 community outreach presentations reaching 1,620 people. Approximately 1,500 adults and children attended the 2002 Earth Day Birthday
- The City held its first ever electronic recycling event, collecting over 1½ tractor trailer loads of electronic items for recycling.

## **FINANCIAL INFORMATION**

**Internal Control.** Management of the City is responsible for establishing and maintaining internal controls designed to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of these controls should not exceed the benefits likely to be derived, and the evaluation of these costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

**Single Audit.** As a recipient of federal awards, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are periodically evaluated by City Management.

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards programs, as well as to determine the City's compliance with applicable laws and regulations related to these programs. The results of the City's single audit for the year ended June 30, 2002, identified no instances of material weaknesses in internal controls and no significant violations of applicable laws and regulations.

**Budgetary Control.** The City maintains budgetary control to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Council adopts an annual budget for the General and Enterprise Funds. These budgets specify expenditure limits by department and/or by function. The City does not adopt a budget for either the Special Revenue or Capital Projects Funds. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level and may be amended as necessary during the fiscal year. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. At the end of the fiscal year all unencumbered appropriations lapse.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

**General Government Revenues.** Revenues for general governmental functions (General, Special Revenue, and Capital Projects) totaled \$34,048,233 for the year ended June 30, 2002. The revenue amounts are shown in the following schedule:

	Amount	% of Total
Property taxes	\$ 16,862,713	49.53%
Licenses and permits	6,020,320	17.68%
Fines and forfeitures	723,413	2.12%
Intergovernmental	3,151,930	9.26%
Charges for services	6,507,415	19.11%
Investment earnings	69,070	0.20%
Program income	28,687	0.08%
Other	684,685	2.01%
<b>Total revenues</b>	<b>\$ 34,048,233</b>	<b>100.00%</b>

Property tax collections increased as a percentage of total revenues, increasing 1.5 percentage points over 2001. Actual collections increased by nearly \$1.3 million. This increase is a direct result of increased development inside the City limits and a property revaluation conducted by the County.

Intergovernmental revenues increased by about \$300,000 as the City accelerated activities in its Community Development Block Grant program.

Other revenues included a one-time contribution of \$250,000 from local telecommunications companies to help pay for improvements in a new business park.

Licenses and permits remained relatively stable as did fines and forfeitures and charges for services.

**General Government Expenditures.** Expenditures for governmental purposes totaled \$36,207,781 for the year ended June 30, 2002. The expenditure amounts are shown in the following schedule:

General government	9,988,148	27.60%
Public safety	11,001,971	30.40%
Public works	5,137,696	14.20%
Parks, recreation and tourism	3,374,877	9.32%
Housing rehabilitation	85,076	0.24%
Capital outlay	3,567,688	9.86%
Debt service:		
Principal	2,256,667	6.24%
Interest and fees	681,259	1.88%
Reimbursements to developers	99,020	0.27%
<b>Total expenditures</b>	<b>\$ 36,192,402</b>	<b>100.00%</b>

General government expenditures, as a percentage of total expenditures, accounted for roughly the same amount as in 2001.

Public safety expenditures increased by over \$400,000, resulting from efforts to fully staff all Police and Fire positions and from the expenditure of funds from Local Law Enforcement Block Grants.

Public works expenditures also increased by over \$300,000. This increase was a result of continued growth in the number of sanitation customers.

Parks, recreation and tourism (PRT) expenditures increased by over \$300,000 due to increased costs to host national baseball and softball tournaments and the cost of maintaining facilities.

Principal and interest and fees remained essentially stable as the City continued repayment of general obligation and tax increment bonds and issued no new debt.

Economic development decreased this year, as the City sold no land. As a result, no proceeds were available to contribute to the Rock Hill Economic Development Corporation.

**Enterprise Operations.** The Enterprise Fund accounts for four operations: the electrical distribution system, the water treatment and distribution system, the wastewater collection and treatment system and the storm water management system. For the year ended June 30, 2002, these systems had combined operating revenues of \$73,042,617 and operating expenses of \$60,873,842, resulting in operating income of \$12,168,775.

		Operating Income (Loss)			
		Before Depreciation and Amortization		After Depreciation and Amortization	
Enterprise Fund		2002	2001	2002	2001
	Electric	\$ 8,191,039	\$ 6,649,926	\$ 6,196,430	\$ 4,791,630
	Water	4,601,806	3,480,336	3,407,485	2,387,632
	Sewer	4,943,732	4,316,171	2,736,043	2,171,528
	Stormwater	(126,716)	(42,114)	(171,183)	(77,342)
		<u>\$ 17,609,861</u>	<u>\$ 14,404,319</u>	<u>\$ 12,168,775</u>	<u>\$ 9,273,448</u>

The availability of electric, water, and sewer service is a key to potentially rapid development of business and industry in the areas surrounding the City. The continued expansion of the City's entire utility system into undeveloped areas is seen as vital to ensuring this development. As the City annexes undeveloped land, it will continue water, sewer, and electrical extensions to these areas.

**Fiduciary Operations.** The City uses fiduciary funds to account for assets being held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension, nonexpendable, or expendable trust fund is established.

The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

The Huckle Beautification Fund is a nonexpendable trust fund, the earnings of which are used for beautification projects throughout the City at the City Council's discretion.

**Debt Administration.** Outstanding Utility Revenue Bonds at June 30, 2002 totaled \$80,285,000. Proceeds from these bonds are being used to upgrade and expand the combined utility enterprise system of the City. Debt service for these bonds is paid through combined utility revenues of the electric, water and sewer systems.

The City also has outstanding \$5,000,000 in Tax Increment Bonds, proceeds from which were used to refund certain tax increment bonds and to finance certain improvements under the tax increment redevelopment plans. These bonds are secured by a pledge of incremental taxes levied on those portions of the tax increment districts that are set forth in the redevelopment plans and by a pledge of the revenues of the utility system.

The City has outstanding \$5,275,000 in General Obligation Bonds. Proceeds from these bonds have been used for various improvements around the City including renovations to City Hall, the downtown area, Emmett Scott neighborhood center, repairs to the law center, construction of a new fire station and various improvements to the three existing fire stations and a number of paving projects throughout the City. These bonds are secured through the full faith, credit and taxing power of the City.

The revenue and tax increment bonds have an Aaa and AAA rating from Moody's and Standard & Poor's, respectively, secured through bond insurance.

**Cash Management.** Cash temporarily idle during the year was invested in certificates of deposit, state investment pools, and repurchase agreements. The investment goal of the City is to maintain adequate cash to meet current obligations and to invest in those legal securities that maximize earnings and protect principal. Monies that are not required on a short-term basis are invested in compliance with the guidelines of the South Carolina Code of Laws 6-5-10. The average yield on investments for the year ended June 30, 2002 was approximately 2.57 percent. The average yield on overnight federal funds for that period was 2.28 percent. The City earned interest revenue of \$638,970 (including amounts netted against capitalized interest expense) on all investments for the year ended June 30, 2002.

**Risk Management.** The City carries its insurance for general liability, property and automobile coverage with the South Carolina Municipal Insurance and Risk Financing Fund through the Municipal Association of South Carolina, a self-insured pool of some 13 municipalities throughout South Carolina. Workers' compensation is carried with the South Carolina Municipal Insurance Trust Fund through the Municipal Association of South Carolina. This pool is also self-insured and is made up of some 70 municipalities throughout South Carolina. A public official bond on the Finance Director is carried with a private insurer.

Safety programs are carried out by the City's Risk Management Division with oversight coming from both the Finance Director and the City Manager's Office. Each department of the City has a safety representative who works with the Risk Management Division to coordinate safety meetings and programs throughout the year.

Also, several employee committees are a vital part of the City's risk management program. A Central Safety Committee is chaired by City Management and is made up of department heads or their representatives from each department. This committee develops city-wide goals, policies, and procedures concerning all aspects of safety.

In addition, a Safety Incentive/Education Committee composed of supervisory personnel throughout the City recommends city-wide incentive awards to the Central Safety Committee and implements approved programs. The Committee reviews all safety suggestions made by employees and recommends awards for suggestions that are adopted.

## **OTHER INFORMATION**

**Independent Audit.** South Carolina statutes require an annual audit of the financial records and transactions of the City by an independent certified public accountant. The accounting firm of Deloitte & Touche LLP was selected by the City Council. In addition to meeting the statutory requirements, the audit is designed to meet the requirements of OMB Circular A-133. The independent auditors' report on the general purpose financial statements is included in the financial section of this report. The independent auditors' reports related specifically to the single audit are included in the federal awards section.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rock Hill for its comprehensive annual financial report for the year ended June 30, 2001.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to GFOA program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the current report presented herein conforms to the Certificate of Achievement Program Requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award. To receive this award, the City must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The City has also been awarded the Certification of Excellence Award from the Municipal Treasurers Association for its investment policy.

**Acknowledgments.** The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the City Manager's Office and Finance Department. Their help is greatly appreciated. We would also like to thank the Mayor and City Council for their commitment to ensuring the continued responsible and progressive financial operations of the City of Rock Hill.

Respectfully submitted,

Carey F. Smith, City Manager

David B. Vahaun, Finance Director

## Organization Chart

Award

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Auditor's opinion

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## **CITY OF ROCK HILL, SOUTH CAROLINA**

### **GENERAL PURPOSE FINANCIAL STATEMENTS**

The General Purpose Financial Statements consist of the combined financial statements for all funds and account groups and the notes to the general purpose financial statements. They present the financial position of the City of Rock Hill, South Carolina as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

**CITY OF ROCK HILL, SOUTH CAROLINA**

**COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY  
PRESENTED COMPONENT UNIT  
JUNE 30, 2002**

	Governmental Fund Types			Proprietary	Fiduciary	General	General	Totals	Component	Totals
	General	Special	Capital	Fund Type	Fund Type	General	Long-Term	Primary	Unit	Reporting
		Revenue	Projects	Enterprise	Trust	Fixed Assets	Obligations	Government	Housing	Entity
ASSETS AND OTHER DEBITS								(Memorandum	Corporation	(Memorandum
								Only)		Only)
<b>ASSETS:</b>										
Cash and cash equivalents	\$4,340,761	\$649,246	\$7,901	\$3,088,201	\$74,168			\$8,160,277	\$595,468	\$8,755,745
Investments					38,312			38,312		38,312
Receivables (net of allowances for uncollectible accounts):										
Intergovernmental	77,773	70,226						147,999		147,999
Rehabilitation loans		720,970						720,970		720,970
Affordable Housing mortgages									392,020	392,020
Utility accounts				10,947,165				10,947,165		10,947,165
Direct financing lease				2,306,316				2,306,316		2,306,316
Other	172,847			46,654				219,501		219,501
Due from other funds	21,406							21,406		21,406
Due from primary government									47,356	47,356
Inventories	182,558			1,802,888				1,985,446		1,985,446
Restricted assets:										
Cash and cash equivalents	1,875,276		170,099	12,904,537				14,949,912		14,949,912
Unamortized debt issuance costs				4,183,951				4,183,951		4,183,951
Fixed assets - net				153,090,865		\$52,212,586		205,303,451	85,059	205,388,510
Construction in progress				14,318,634		2,991,338		17,309,972		17,309,972
<b>OTHER DEBITS:</b>										
Amounts available for the retirement of tax increment bonds							\$131,842	131,842		131,842
Amounts to be provided for:										
Retirement of tax increment bonds							4,868,158	4,868,158		4,868,158
Retirement of general obligation bonds							5,275,000	5,275,000		5,275,000
Accumulated leave							3,021,876	3,021,876		3,021,876
Capital lease obligation							255,102	255,102		255,102
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$6,670,621</b>	<b>\$1,440,442</b>	<b>\$178,000</b>	<b>\$202,689,211</b>	<b>\$112,480</b>	<b>\$55,203,924</b>	<b>\$13,551,978</b>	<b>\$279,846,656</b>	<b>\$1,119,903</b>	<b>\$280,966,559</b>
See accompanying notes to general purpose financial statements.										

**CITY OF ROCK HILL, SOUTH CAROLINA**

**COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT  
JUNE 30, 2002**

	Governmental Fund Types			Proprietary	Fiduciary	General	General	Totals	Component	Totals
	General	Special	Capital	Fund Type	Fund Type	General	Long-Term	Primary	Unit	Reporting
LIABILITIES, EQUITY AND OTHER CRED	General	Revenue	Projects	Enterprise	Trust	Fixed Assets	Obligations	Government	Housing	Entity
								(Memorandum	Corporation	(Memorandum
								Only)		Only)
<b>LIABILITIES:</b>										
Accounts payable and accrued liabilities	#####	\$102,121	\$42,501	\$6,844,125				\$9,559,761	\$133,140	\$9,692,901
Due to other funds		21,406						21,406		21,406
Due to component unit	47,356							47,356		47,356
Utility deposits				1,985,684				1,985,684		1,985,684
Accrued interest payable	417,287			1,563,149				1,980,436		1,980,436
Contract retainage payable				273,160				273,160		273,160
Deferred revenues	10,000	897,429		565,294				1,472,723	392,020	1,864,743
Current portion of long-term obligations				3,425,000				3,425,000		3,425,000
Non-current portion of long-term obligations				76,860,000			#####	87,135,000		87,135,000
Reimbursements payable to developers	424,790			731,564				1,156,354		1,156,354
Liability for accumulated leave				426,694				3,448,570		3,448,570
Capital lease obligation								255,102		255,102
<b>TOTAL LIABILITIES</b>	<b>3,470,447</b>	<b>#####</b>	<b>42,501</b>	<b>92,674,670</b>			<b>13,551,978</b>	<b>110,760,552</b>	<b>525,160</b>	<b>111,285,712</b>
<b>EQUITY AND OTHER CREDITS:</b>										
Investment in general fixed assets						#####		55,203,924		55,203,924
Contributed capital				62,031,922				62,031,922		62,031,922
Retained earnings				47,982,619				47,982,619		47,982,619
<b>Fund balances:</b>										
Reserved for:										
Debt service	131,842							131,842		131,842
Friedheim Cemetery maintenance	5,000							5,000		5,000
Tax sales	62,784							62,784		62,784
Accommodations tax	521,256							521,256		521,256
Community development projects		419,486						419,486	594,743	1,014,229
Drug enforcement	131,075							131,075		131,075
Beautification projects					\$112,480			112,480		112,480
Recreation programs	245,701							245,701		245,701
Victim assistance	161,524							161,524		161,524
Capital projects	1,349,297		135,499					1,484,796		1,484,796
Encumbrances	249,068							249,068		249,068
Unreserved:										
Undesignated	342,627							342,627		342,627
<b>TOTAL EQUITY AND OTHER CREDITS</b>	<b>3,200,174</b>	<b>419,486</b>	<b>135,499</b>	<b>110,014,541</b>	<b>112,480</b>	<b>55,203,924</b>		<b>169,086,104</b>	<b>594,743</b>	<b>169,680,847</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>#####</b>	<b>#####</b>	<b>\$178,000</b>	<b>#####</b>	<b>\$112,480</b>	<b>#####</b>	<b>#####</b>	<b>#####</b>	<b>\$1,119,903</b>	<b>#####</b>

See accompanying notes to general purpose financial statements.

**CITY OF ROCK HILL, SOUTH CAROLINA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES CHANGES IN FUND BALANCES  
- ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED JUNE 30, 2002**

	Governmental Fund Types			Totals Primary Government (Memorandum Only)	Component Unit Housing Corporation	Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects			
<b>REVENUES:</b>						
Property taxes	\$16,862,713			\$16,862,713		\$16,862,713
Licenses and permits	6,020,320			6,020,320		6,020,320
Fines and forfeitures	723,413			723,413		723,413
Intergovernmental	1,708,406	\$1,225,262	\$218,262	3,151,930	\$121,412	3,273,342
Charges for services	6,507,415			6,507,415		6,507,415
Investment earnings	57,572	10,164	1,334	69,070		69,070
Program income		28,687		28,687	73,407	102,094
Other	684,685			684,685		684,685
<b>Total revenues</b>	<b>32,564,524</b>	<b>1,264,113</b>	<b>219,596</b>	<b>34,048,233</b>	<b>194,819</b>	<b>34,243,052</b>
<b>EXPENDITURES</b>						
Current:						
General government	9,756,137	232,011		9,988,148		9,988,148
Public safety	10,596,810	405,161		11,001,971		11,001,971
Public works	5,137,696			5,137,696		5,137,696
Parks, recreation and tourism	3,374,877			3,374,877		3,374,877
Housing assistance		85,076		85,076	321,871	406,947
Capital outlay	2,740,889	607,399	219,400	3,567,688		3,567,688
Debt service:						
Principal	2,256,667			2,256,667		2,256,667
Interest and fees	681,259			681,259		681,259
Capital lease payments	99,020			99,020		99,020
<b>Total expenditures</b>	<b>34,643,355</b>	<b>1,329,647</b>	<b>219,400</b>	<b>36,192,402</b>	<b>321,871</b>	<b>36,514,273</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,078,831)</b>	<b>(65,534)</b>	<b>196</b>	<b>(2,144,169)</b>	<b>(127,052)</b>	<b>(2,271,221)</b>
<b>OTHER FINANCING SOURCES</b>						
Operating transfers in	2,354,930			2,354,930		2,354,930
Proceeds from capital lease	206,750			206,750		206,750
<b>Total other financing sources</b>	<b>2,561,680</b>			<b>2,561,680</b>		<b>2,561,680</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>482,849</b>	<b>(65,534)</b>	<b>196</b>	<b>417,511</b>	<b>(127,052)</b>	<b>290,459</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>2,717,325</b>	<b>485,020</b>	<b>135,303</b>	<b>3,337,648</b>	<b>721,795</b>	<b>4,059,443</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$3,200,174</b>	<b>\$419,486</b>	<b>\$135,499</b>	<b>\$3,755,159</b>	<b>\$594,743</b>	<b>\$4,349,902</b>

See accompanying notes to general purpose financial statements

**CITY OF ROCK HILL, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Property taxes	\$15,240,037	\$16,862,713	\$1,622,676
Licenses and permits	5,116,598	6,020,320	903,722
Fines and forfeitures	530,000	723,413	193,413
Intergovernmental	1,809,436	1,708,406	(101,030)
Charges for services	6,710,900	6,507,415	(203,485)
Investment earnings	75,000	57,572	(17,428)
Land sales	100,000		(100,000)
Other	1,144,004	684,685	(459,319)
<b>Total revenues</b>	<b>30,725,975</b>	<b>32,564,524</b>	<b>1,838,549</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	10,936,968	9,756,137	1,180,831
Public safety	10,732,814	10,596,810	136,004
Public works	5,206,393	5,137,696	68,697
Parks, recreation and tourism	3,175,199	3,374,877	(199,678)
Capital outlay	1,669,950	2,740,889	(1,070,939)
<b>Debt service:</b>			
Principal	2,256,667	2,256,667	
Interest and fees	683,580	681,259	2,321
Capital lease payments	99,020	99,020	
<b>Total expenditures</b>	<b>34,760,591</b>	<b>34,643,355</b>	<b>117,236</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,034,616)</b>	<b>(2,078,831)</b>	<b>1,955,785</b>
<b>OTHER FINANCING SOURCES:</b>			
Operating transfers in	4,034,616	2,354,930	(1,679,686)
Proceeds from capital lease		206,750	206,750
<b>Total other financing sources</b>	<b>4,034,616</b>	<b>2,561,680</b>	<b>(1,472,936)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>		<b>482,849</b>	<b>482,849</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>2,717,325</b>	<b>2,717,325</b>	
<b>FUND BALANCE, END OF YEAR</b>	<b>\$2,717,325</b>	<b>\$3,200,174</b>	<b>\$482,849</b>

See accompanying notes to general purpose financial statements

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>			
<b>COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES - PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND FOR THE YEAR ENDED JUNE 30, 2002</b>			
		Proprietary Fund Type	Fiduciary Fund Type
		Enterprise	Nonexpendable Trust
			Total (Memorandum Only)
<b>OPERATING REVENUES:</b>			
Electric sales		\$ 52,154,024	\$ 52,154,024
Water sales		7,793,378	7,793,378
Sewer charges		9,619,371	9,619,371
Storm water sales		1,019,404	1,019,404
Other user charges		2,456,440	2,456,440
Public contributions			\$ 13,376
Total operating revenues		73,042,617	13,376 73,055,993
<b>OPERATING EXPENSES:</b>			
Purchased power		41,166,557	41,166,557
System operations		10,940,184	10,940,184
Depreciation and amortization		5,441,086	5,441,086
General and administrative		3,326,015	3,326,015
Beautification expense			12,935
Total operating expenses		60,873,842	12,935 60,886,777
<b>OPERATING INCOME</b>		<b>12,168,775</b>	<b>441</b> <b>12,169,216</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest income		328,905	3,229 332,134
Interest expense		(2,903,850)	(2,903,850)
Loss on disposal of fixed assets		(215,303)	(215,303)
Total nonoperating revenues (expenses), net		(2,790,248)	3,229 (2,787,019)
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS</b>			
		9,378,527	3,670 9,382,197
<b>CAPITAL CONTRIBUTIONS</b>			
		4,085,259	4,085,259
<b>OPERATING TRANSFERS TO THE GENERAL FUND</b>			
		(2,354,930)	(2,354,930)
<b>NET INCOME</b>			
		11,108,856	3,670 11,112,526
<b>RETAINED EARNINGS/FUND BALANCE</b>			
<b>AT BEGINNING OF YEAR</b>		<b>36,873,763</b>	<b>108,810</b> <b>36,982,573</b>
<b>RETAINED EARNINGS/FUND</b>			
<b>BALANCE AT END OF YEAR</b>		<b>\$ 47,982,619</b>	<b>\$ 112,480</b> <b>\$ 48,095,099</b>
See accompanying notes to general purpose financial statements			

**CITY OF ROCK HILL, SOUTH CAROLINA**

**COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE AND  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Nonexpendable Trust	Total (Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from customers	\$ 70,006,278		\$ 70,006,278
Cash payments to employees for services	(3,710,825)		(3,710,825)
Cash payments to other suppliers of goods or services	(52,411,712)	\$ (12,935)	(52,424,647)
Other operating cash receipts	2,456,440	14,389	2,470,829
Net cash provided by operating activities	16,340,181	1,454	16,341,635
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating transfers to the General fund	(2,354,930)		(2,354,930)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(14,386,644)		(14,386,644)
Payment of revenue bonds	(3,260,000)		(3,260,000)
Interest paid on revenue bonds	(3,152,291)		(3,152,291)
Net cash used in capital and related financing activities	(20,798,935)		(20,798,935)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sales of investments		35,912	35,912
Purchases of investments		(38,312)	(38,312)
Interest received on investments	539,521	3,229	542,750
Net cash provided by investing activities	539,521	829	540,350
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(6,274,163)</b>	<b>2,283</b>	<b>(6,271,880)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>22,266,901</b>	<b>71,885</b>	<b>22,338,786</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 15,992,738</b>	<b>\$ 74,168</b>	<b>\$ 16,066,906</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 12,168,775	\$ 441	\$ 12,169,216
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	5,441,086		5,441,086
Changes in assets and liabilities:			
Increase in utility receivables	(897,942)		(897,942)
Decrease in other receivables	147,801	1,013	148,814
Decrease in due to other funds	(1,159,735)		(1,159,735)
Increase in inventories	(488,692)		(488,692)
Increase in accounts payable and accrued liabilities	996,488		996,488
Decrease in accrued interest	(96,594)		(96,594)
Increase in utility deposits	170,242		170,242
Increase in liability for accumulated leave	58,752		58,752
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 16,340,181</b>	<b>\$ 1,454</b>	<b>\$ 16,341,635</b>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:**

During the year ended June 30, 2002, the Enterprise fund received noncash capital contributions of water and sewer system improvements from developers totaling \$4,085,259.

See accompanying notes to general purpose financial statements

## CITY OF ROCK HILL, SOUTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2002

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#### 1. DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rock Hill, South Carolina (the ACity@) is a municipal corporation incorporated in 1892 and governed by an elected mayor and six-member council with an appointed manager. The general purpose financial statements of the City conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Effective January 1, 2000, the City has elected to change its fiscal year from December 31 to June 30 in order to conform more closely with the property tax billing and collection cycle and to State and County fiscal years.

##### A. Reporting Entity

The accompanying general purpose financial statements include all City funds, governmental functions, and other entities which are considered to be component units of the City. The primary criterion for determining inclusion or exclusion of a legally separate entity is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City 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 City. 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 City. In order to be considered fiscally independent, an entity must have the authority to do all three of the following:

- A) Determine its budget without the City having the authority to approve or modify that budget.
- B) Levy taxes or set rates or charges without approval by the City.
- C) Issue bonded debt without approval by the City.

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's financial statements to be misleading or incomplete.

The following organization was included in the City's reporting entity as a discretely presented component unit. A discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. The discretely presented component unit has a June 30 year end.

##### Rock Hill Joint Venture for Affordable Housing Corporation

The Rock Hill Joint Venture for Affordable Housing Corporation (the "Housing Corporation") was established to improve communities in the City by providing safe and affordable housing and a suitable living environment, principally for persons of low and moderate income. The Housing Corporation is administered by a twenty-one member Board of Directors (the "Housing Board") which includes four City officials, three members of City Council and one staff person. Members of the Housing Board are appointed by an executive committee which is composed of seven members. Three members of City Council and one City staff person are among the executive committee's seven members.

The Housing Corporation receives substantially all of its funding from a grant from the U.S. Department of Housing and Urban Development. The City is neither responsible for deficiencies nor entitled to surpluses of the Housing Corporation. Also, the Housing Corporation is not accountable to the City for fiscal matters nor the City responsible for debts or other obligations of the Housing Corporation. Although the Housing Corporation is legally separate from the City, and the City is not responsible for any Housing Corporation debts or obligations, the Housing Corporation is included in the City's reporting entity because revenues and operating activities of the Housing Corporation are so intertwined with the City that the Housing Corporation functions and is accounted for as a City department. The Housing Corporation is presented as a governmental fund type. Complete financial statements for the Housing Corporation are available from the City's Planning Department at 155 Johnston Street, Rock Hill, S.C. 29730.

The accounting policies of the City conform to generally accepted accounting principles. The following is a summary of the more significant policies.

## B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the accompanying general purpose financial statements, the various funds of the City are grouped into three broad fund categories and two account groups as follows:

### Governmental funds

Governmental funds are used to account for all or most of a government's general activities. The City maintains General, Special Revenue and Capital Projects funds.

General fund - The General fund is the City's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Principal sources of revenue are property taxes, licenses and permits, intergovernmental revenues, and sanitation service charges. Primary expenditures are for general government, public safety, public works, parks and recreation and tourism, and debt service.

Special Revenue fund - The Special Revenue fund is used to account for the proceeds from specific revenue sources (other than funding for major capital projects) that are legally restricted to expenditures for specified purposes. The primary revenue source is from federal grants.

Capital Projects fund - The Capital Projects fund accounts for financial resources, including bond proceeds and intergovernmental grants, used for the acquisition, construction or improvement of major general government facilities.

### Proprietary fund - Enterprise fund

Proprietary funds account for activities similar to those found in the private sector. The Financial Accounting Standards Board (FASB) and its predecessor organizations have issued accounting and reporting standards for

activities in the private sector. The City has elected not to apply the standards issued by those organizations after November 30, 1989 to its Proprietary funds. The City has, however, applied all applicable pronouncements issued by the Government Accounting Standards Board (GASB) to these funds.

Proprietary funds are used to account for activities where the determination of net income or loss is necessary or useful to sound financial administration. An enterprise fund is used to account for operations which provide goods or services and recover costs through user charges in a manner similar to private business enterprises. The City maintains an Enterprise fund to account for water, sewer, electric and storm water management services provided to approximately 28,000 customers within the City and the surrounding areas. Services are supplied to customers under a rate structure designed to produce revenues sufficient to recover operating expenses, including principal and interest on Enterprise fund debt.

#### Fiduciary funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension, nonexpendable or expendable trust fund is established. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal.

Nonexpendable trust - The Huckle Beautification fund is a nonexpendable trust fund. The earnings from this fund are to be used for beautification projects in the City at the City Council's discretion.

#### Account groups

Account groups are used to establish accountability for the City's general fixed assets and general long-term obligations. The City has the following account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the City other than those accounted for in the Enterprise fund.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the City except those accounted for in the Enterprise fund.

### C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the combined balance sheet. Operating statements of these funds present increases and decreases in net current assets. All Proprietary funds and Nonexpendable Trust funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included in the combined balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in total net assets.

Basis of accounting refers to when revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The City's recognition standards as discussed below are in compliance with Statement No. 33 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Nonexchange Transactions*. Implementation of GASB Statement No. 33 did not have a material effect on the City's financial statements, except that capital contributions from

external sources received by the proprietary fund are now reflected as revenues in the financial statements of the proprietary fund.

Governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are deemed susceptible to accrual and are recognized in the period when they become measurable and available. Primary sources of revenue susceptible to accrual include property tax, investment earnings and federal and state grants. Expenditures are recognized when the fund liability is incurred, except principal and interest on General Long-Term Obligations which are recognized when due or when funds have been made available for payment.

The accrual basis of accounting is utilized by the Proprietary fund and the Nonexpendable Trust fund. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

#### D. Budgets

In accordance with the State of South Carolina General Statutes, the City prepares an annual balanced budget ordinance. The City adopts annual budgets for the General and Enterprise funds using the modified accrual basis. An annual budget for the Special Revenue fund is not adopted as sufficient budgetary control is achieved through restrictions included in the various grant agreements. An annual operating budget for the Capital Projects fund is not adopted as its revenues and expenditures are adopted on a project basis. Appropriations for the General and Enterprise funds lapse at the end of the budget year.

In February, the budget process begins with a special comprehensive work session in which the Finance Department and City Manager's Office meet with all department heads to discuss current and future trends, needs and goals of the City. All department heads submit comprehensive lists of programs, projects and initiatives to be considered in the upcoming budget and meet with Finance department staff and the City Manager's Office individually. During May and June, formal budget workshops are held. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

Budgets are prepared at the fund, function and department level. Budgets are adopted at the fund level and are amended as necessary during the fiscal year in one of two ways. First, the City Manager, as delegated by City Council, may make line item transfers within individual fund budgets with subsequent monthly notice to City Council. Such transfers can neither increase nor decrease the overall budget at the fund level. Secondly, the budget may be increased or decreased at the fund level as changing circumstances dictate, subject to City Council approval. During the year, no supplemental appropriations were adopted by the City Council.

#### E. Encumbrances

Encumbrances represent commitments related to open purchase orders and contracts for goods or services. Encumbrance accounting is utilized in the governmental funds.

#### F. Cash, Cash Equivalents and Investments

Most operating cash is held by a single central depository. Each fund owns a pro-rata interest in the cash held by the depository. Interest income is allocated to the creditor funds based on average cash balances. Investments are stated at fair value.

For purposes of the statement of cash flows, the City considers all short-term investments with original maturities of

three months or less, when acquired, to be cash equivalents.

#### G. Property Taxes

The City Code provides for the taxation of all real and personal property located within the City's corporate limits on the first day of January. Motor vehicle taxes are billed and collected by York County and remitted to the City monthly during the year. Other personal and real property taxes are levied by the City in October of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15 with penalties assessed of 10% if paid after January 15, 12% if paid after January 31, and 15% if paid after February 28. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. The property tax rate approved by ordinance for calendar year 2001 is 98 mills.

#### H. Receivables

##### Enterprise fund

Utility sales revenues are recognized at the time the services are provided. Utility accounts receivable in the Enterprise fund include unbilled utility revenues of \$5,251,916. At each year-end, substantially all customer balances over 90 days past due are written off. Bad debts for the year ended June 30, 2002 amounted to \$648,516.

##### Special Revenue fund

Receivables for reimbursements under grants are recognized in the Special Revenue fund when the related reimbursable expenditure is incurred.

##### Component unit

Receivables in the component unit are comprised of miscellaneous amounts due from the primary government, and Affordable Housing mortgages receivable.

#### I. Inventories

Inventories of the General and Enterprise funds consist of supplies held for consumption and are recorded as expenditures at the time the items are consumed rather than when purchased. All inventories are valued at cost using the weighted average method.

#### J. Restricted Assets

Certain construction bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets in the combined balance sheet because their use is limited by applicable debt covenants.

#### K. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the

General Fixed Assets Account Group. All purchased fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at their estimated fair market value on the date donated. Under the City's capitalization policy, public domain ("infrastructure") general fixed assets, consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, are not capitalized.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not included in the General Fixed Assets Account Group or capitalized in the Proprietary fund.

Assets in the general fixed assets account group are not depreciated; however, a provision for depreciation is charged as an expense against the operations of the Enterprise fund. Depreciation expense on Enterprise fund fixed assets is provided using the straight-line method over the following estimated useful lives:

Buildings	30 years
Electric plant in service	26 to 59 years
Water plant in service	10 to 100 years
Sewer plant in service	25 to 100 years
Vehicles and equipment	5 to 10 years

Enterprise fund fixed assets are recorded at cost or estimated cost. Donated fixed assets are recorded at estimated fair market value at the time received. Net interest cost on debt issued to finance the construction of fixed assets for the Enterprise fund is capitalized during the construction period. Total net interest costs capitalized for the year ended June 30, 2002 amounted to \$423,987.

L. Deferred Revenues

Certain receivables are not accrued as revenues in the governmental funds because they are not considered to be susceptible to accrual and thus are recorded as deferred revenues. Also, deferred interest earnings in the Enterprise fund are not accrued as revenue since they are deemed to be earned as future debt service payments are made. The components of deferred revenues, by fund, are as follows:

General fund

Advance payment for project to be completed in next fiscal year	<u>\$10,000</u>
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Special Revenue fund

Rehabilitation loans	<u>\$897,429</u>
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Enterprise fund

Deferred interest earnings	<u>\$565,294</u>
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Component unit

Affordable Housing loans	<u>\$392,020</u>
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M. Long-Term Obligations

Long-term obligations that will be financed through the governmental funds are accounted for in the General Long-Term Obligations Account Group. Long-term obligations expected to be financed from Enterprise fund operations are accounted for in that fund.

N. Reimbursements Payable to Developers

Governmental funds

Reimbursements payable to developers are contractual liabilities that occur when developers construct roadway and sidewalks within a development for which the City agrees to share costs. These liabilities amounted to \$424,790 in the General Fund at June 30, 2002.

Enterprise fund

Reimbursements payable to developers recorded in the Enterprise fund are contractual liabilities which occur when developers construct water or sewer systems for which the City agrees to share costs. These liabilities, which amounted to \$731,564 at June 30, 2002, are recognized when the systems are completed and dedicated to the City.

O. Unamortized Discounts and Issuance Costs

Bond discounts and issuance costs for the Enterprise fund are deferred and amortized over the term of the bonds using the effective interest method.

P. Compensated Absences

Vacation and sick leave liabilities are recorded in the General Long-Term Obligations Account Group for governmental employees and in the Enterprise fund for utility employees. City employees are permitted to accumulate up to 90 vacation leave days and an unlimited number of sick leave days. Vacation benefits are paid when taken, except for any unused portion of vacation leave (up to a 45 day maximum), which is payable to an employee upon termination, retirement, or death. Sick leave benefits are paid when taken. Additionally, employees who retire with either 28 years of service or who are age 65 or over with 20 years of service (Police department requirements are 25 years of service or 55 years of age with 20 years of service) are eligible to collect cash for up to 45 sick days accrued and not taken upon retirement.

Q. Fund Balances

Reserved fund balances represent that portion of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are segregated into the following classifications:

Reserved for debt service - represents cash held by a trustee for payment of principal and interest on tax increment bonds.

Reserved for Friedheim Cemetery maintenance - represents contributions made by a local family which are restricted for maintenance of a cemetery plot.

Reserved for tax sales - represents amounts received by the City from the sale of property on which taxes were delinquent. Taxpayers have a specified time limit to pay taxes and penalties in order to reclaim these proceeds.

Reserved for accommodations tax - represents cumulative accommodations taxes received from the State of South Carolina which cannot yet be appropriated.

Reserved for community development projects - represents federal grant income that the City is required to spend on eligible grant programs.

Reserved for drug enforcement - represents amounts confiscated as a result of narcotics arrests and convictions which may only be used for certain law enforcement purposes.

Reserved for beautification projects - represents contributions made by a local family which are restricted for certain City beautification expenses.

Reserved for recreation programs - represents contributions received from individuals for the Worthy Boys Camp, the Rolling in Rock Hill program and the Revell Baseball Team.

Reserved for victim assistance - represents amounts collected by Municipal Court that are required, by state law, to be used for victim counseling and assistance.

Reserved for capital projects - represents bond proceeds and other financing sources restricted for construction and acquisition of capital assets.

Reserved for encumbrances - represents the amount of open purchase orders at year end.

Unreserved - Undesignated - represents resources available for appropriation in succeeding years for any lawful purpose.

#### R. Totals (Memorandum Only) Columns

The Totals (Memorandum Only) columns in the accompanying general purpose financial statements are not the equivalent of consolidated totals and do not represent consolidated financial information. These columns are presented only to facilitate financial analysis.

#### S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### T. Recently Issued GASB Statements

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements - and Management=s Discussion and Analysis - for State and Local Governments. This Statement, as amended, establishes new financial reporting requirements for state and local governments throughout the United States. It will create new information and will

restructure much of the information that governments have presented in the past. The City is required to adopt this statement for the year ending June 30, 2003.

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The State of South Carolina General Statutes permit the City to invest in the following types of instruments:

1. Obligations of the United States, its agencies and instrumentalities.
2. Obligations of the State of South Carolina or any of its political subdivisions.
3. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
4. Certificates of deposit and repurchase agreements provided the collateral is of the types described in 1 and 2 above and has a market value in excess of the certificate of deposit or repurchase agreement plus accrued interest, and is held by a third party as escrow agent or custodian.
5. Repurchase agreements when collateralized by securities of the type described in 1 and 2 above and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest.
6. 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 the City 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 1, 2 and 5 above and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, values its assets by the amortized cost method.

Deposits are carried at fair value at June 30, 2002 as follows:

	Category			Bank	Fair
	1	2	3	Balance	Value
Checking accounts	\$ 2,636,416		\$ 94,259	\$ 2,730,675	\$ 2,119,813
Certificates of deposit	48,905			48,905	48,905
	<u>\$ 2,685,321</u>		<u>\$ 94,259</u>	<u>\$ 2,779,580</u>	<u>\$ 2,168,718</u>

The difference in fair value and bank balance for checking accounts represents outstanding checks on accounts involved in a sweep arrangement. Of the bank balance, \$451,206 was covered by federal depository insurance.

The City's deposits are categorized to indicate the level of risk assumed by the City at year end. Category 1 includes deposits that are insured or collateralized with securities held by the government or its agent in the government's name. Category 2 includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the government's name. Category 3 includes uncollateralized deposits or deposits collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name.

The fair value of deposits and bank balance for Rock Hill Joint Venture for Affordable Housing Corporation, a discretely presented component unit, was \$595,468. Of this amount, \$549,053 is included in Category 1, and

\$46,415 is included in Category 3.

Investments are carried at fair value at June 30, 2002 as follows:

	Category			Fair Value
	1	2	3	
Repurchase agreements		\$ 9,444,398		\$ 9,444,398
S.C. Local Government Investment Pool (Fair value substantially equivalent to the value of the pool shares)				6,367,495
Funds held by bond trustees and agents				5,167,890
<b>Total</b>				<b>\$ 20,979,783</b>

The City's investments are categorized to indicate the level of risk assumed by the City at June 30, 2002. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes investments that are uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the City's name. Category 3 includes investments that are uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City's name. The South Carolina Local Government Investment Pool is run by the State Treasurer's Office and can invest only in the same type of instruments allowed the City.

In 1995, the City entered into an agreement with a third party financial institution (third party) whereby the City's trustee for its 1991 and 1993 utility revenue bonds (bonds) is required to transfer the City's monthly debt service payments on the bonds to the third party for investment by the third party for its own benefit. Simultaneous to the transfer of the debt service payments, and as security for bondholders, the third party is required to deposit with the trustee an equivalent amount of direct, full faith and credit non-callable obligations of the United States of America or other securities which the trustee is permitted to invest in by the relevant bond ordinances. In accordance with the agreement, the City received a one-time payment of \$827,337 from the third party, the unrecognized portion of which is \$565,294 at June 30, 2002. Additionally, the City forgoes its right to earn interest on the monthly debt service deposits in the future. The amount received from the third party is recorded as deferred revenue in the Enterprise fund. During the year ended June 30, 2002, \$30,379 was recognized as interest earnings based on the percentage of the amount of debt service payments made during the year to the total debt service payments to be made over the remaining life of the bonds.

A reconciliation of cash, cash equivalents and investments as shown in the combined balance sheet for the primary government follows:

Carrying amount of deposits		\$ 2,168,718
Carrying amount of investments		20,979,783
<b>Total</b>		<b>\$ 23,148,501</b>
Cash and cash equivalents		\$ 8,160,277
Cash and cash equivalents		
- restricted for debt service and construction		14,949,912
Investments		38,312
<b>Total</b>		<b>\$ 23,148,501</b>

3. RECEIVABLES

Receivables at June 30, 2002, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Revenue	Enterprise	Component Unit	Total
Receivables:					
Property taxes and assessments	\$ 1,336,279				\$ 1,336,279
Intergovernmental	77,773	\$ 70,226			147,999
Rehabilitation loans		720,970			720,970
Affordable housing mortgages				\$ 392,020	392,020
Utility accounts			\$ 11,647,165		11,647,165
Direct financing lease			2,306,316		2,306,316
Court fines	674,026				674,026
Other	172,847		46,654		219,501
Gross receivables	2,260,925	791,196	14,000,135	392,020	17,444,276
Less: allowance for uncollectible accounts	(2,010,305)		(700,000)		(2,710,305)
Net total receivables	\$ 250,620	\$ 791,196	\$ 13,300,135	\$ 392,020	\$ 14,733,971

Intergovernmental receivables are comprised of grants due from the Federal government for the Special Revenue fund. General fund intergovernmental receivables represent amounts from the Rock Hill Housing Authority.

4. INTERFUND RECEIVABLES AND PAYABLES

Due to / from other funds:	Due from (receivable)	Due to (payable)
General fund	\$ 21,406	
Special Revenue fund		\$ 21,406

5. LEASES - ENTERPRISE FUND

Direct Financing Lease

The City is the lessor in a direct financing lease with the Town of Fort Mill, South Carolina relating to the construction of a water main to partially provide water for Fort Mill and the surrounding area. The lease provides for a term of twenty-eight years and annual payments sufficient to pay the scheduled debt service on the 1993 revenue bonds used to finance the lease. The net present value of the future minimum lease payments to be made by Fort Mill is \$2,306,316.

Annual aggregate future minimum lease payments are as follows:

<u>Year ending June 30,</u>					
2003					\$ 204,399
2004					204,798
2005					204,913
2006					204,034
2007					204,400
2008-2019					2,642,231
Total future minimum lease payments to be received					3,664,775
Less: amounts representing unearned interest at 5.96%					1,358,459
Net investment in direct financing lease					<u>\$ 2,306,316</u>

6. FIXED ASSETS

A. General Fixed Assets

A summary of changes in general fixed assets by asset class and the investment in general fixed assets for the year ended June 30, 2002 is as follows:

Asset Class	June 30, 2001	Additions	Retirements	June 30, 2002
Land and improvements	\$ 16,740,766	\$ 11,495		\$ 16,752,261
Buildings and improvements	21,354,205	235,950		21,590,155
Machinery and equipment	11,894,307	1,263,183	\$ 143,308	13,014,182
Furniture and fixtures	839,565	16,423		855,988
	50,828,843	1,527,051	143,308	52,212,586
Construction in progress	1,844,862	2,200,386	1,053,910	2,991,338
Investment in general fixed assets	<u>\$ 52,673,705</u>	<u>\$ 3,727,437</u>	<u>\$ 1,197,218</u>	<u>\$ 55,203,924</u>

Construction in progress includes uncompleted work on various City public safety and building projects.

B. Proprietary Fund Fixed Assets

Proprietary fund fixed assets by asset class at June 30, 2002 are as follows:

Land					\$ 739,246
Buildings					6,304,701
Electric plant in service					58,363,249
Water plant in service					60,029,867
Sewer plant in service					87,464,393
Stormwater plant in service					59,449
Stormwater equipment					384,641
Utility vehicles and equipment					3,290,487
Total					216,636,033
Less: accumulated depreciation					(63,545,168)
Net proprietary fund fixed assets					153,090,865
Construction in progress					14,318,634
Total proprietary fund fixed assets					\$ 167,409,499

Construction in progress consists of various electric, water and sewer lines and storm water basins.

7. PENSION PLANS

All employees of the City participate in one of two defined benefit pension plans, administered by the State of South Carolina. The South Carolina Retirement System (SCRS) and the Police Officer=s Retirement System (PORS), both of which are cost sharing multiple-employer public employee retirement plans. The total payroll for employees covered by the SCRS for the year ended June 30, 2002 was \$14,372,700. The total payroll for employees covered by the PORS for the year ended June 30, 2002 was \$5,605,867.

The SCRS and PORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The plans= provisions are established under Title 9 of the SC Code of Laws.

Both employees and the City are required to contribute to the SCRS and PORS at rates established under the authority of Title 9 of the Code of Laws. The City=s contributions are actuarially determined, but are communicated to and paid by the City as a percentage of the employee=s annual earnings. For the year ended June 30, 2002, the year ended June 30, 2001, and the six month period ended June 30, 2000 the City contributed 100% of the required contributions. Contributions by the City for employees covered by the SCRS and PORS were based on 6.85% and 10.7% of the employees= earnings and amounted to \$984,530 for the year ended June 30, 2002 (SCRS) and \$599,828 (PORS), \$965,993 for the year ended June 30, 2001 (SCRS) and \$589,310 (PORS), and \$454,631 for the six month period ended June 30, 2000 (SCRS) and \$284,171 (PORS). Employee contributions for the SCRS and PORS were based on 6% and 6.5% of the employees= earnings and amounted to \$862,362 for the year ended June 30, 2002 (SCRS) and \$364,381 (PORS), \$846,125 for the year ended June 30, 2001 (SCRS) and \$357,992 (PORS), and \$398,217 for the six month period ended June 30, 2000 (SCRS) and \$172,627 (PORS).

A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS and PORS is issued and publicly available by writing to South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC, 29211-1960.

## 8. LONG-TERM OBLIGATIONS

### A. General Long-Term Obligations Account Group

All general long-term obligations will be paid by the General fund. The following is a summary of changes in the General Long-Term Obligations account group for the year ended June 30, 2002:

Description	June 30, 2001	Additions	Reductions	June 30, 2002
1993 General Obligation Bonds	\$ 4,450,000		\$ 300,000	\$ 4,150,000
1993 Tax Increment Bonds	860,000		95,000	765,000
1992 Tax Increment Refunding Bonds	2,715,000		1,320,000	1,395,000
1992 Tax Increment Bonds	3,320,000		480,000	2,840,000
1997 General Obligation Bonds	1,170,000		45,000	1,125,000
Liability for accumulated leave	2,882,908	\$ 1,200,779	1,061,811	3,021,876
Capital lease obligations	141,690	206,750	93,338	255,102
<b>Total</b>	<b>\$ 15,539,598</b>	<b>\$ 1,407,529</b>	<b>\$ 3,395,149</b>	<b>\$ 13,551,978</b>

The 1992 Tax Increment bonds, the 1992 Tax Increment Refunding bonds and the 1993 Tax Increment bonds are secured by incremental property tax revenues being derived from economic development in the Manchester Village, Red River and Downtown tax increment districts, respectively. To the extent that debt service requirements on the bonds exceed the incremental property tax revenues, utility net revenues are pledged, subordinate to pledges of such revenues for the Combined Utility System revenue bonds and the Piedmont Municipal Power Agency (PMPA) agreement (see Note 12). The Tax Increment bonds bear interest at rates from 4.875% to 5.875%, with annual payments through May 1, 2008.

The General Obligation bonds are secured by the full faith, credit and taxing power of the City. The bonds bear interest at rates from 4.625% to 6.50% with annual payments through May 1, 2018.

The City leases a fire truck as well as composting equipment consisting of a horizontal wood grinder and a trommel screen. Both of these lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the dates of their inception. The gross amount of assets recorded is \$642,427. This amount is included in machinery and equipment in the General Fixed Assets Account group.

The debt service requirements to maturity for obligations recorded in the General Long-Term Obligations Account Group (excluding the liability for accumulated vacation and sick leave) and the schedule of the future minimum capital lease payments and the present value of the net minimum lease payments at June 30, 2002, are as follows:

Year ending June 30,	Principal	Interest	Capital Lease Obligation	Total
2003	\$ 2,375,000	\$ 564,874	\$ 123,645	\$ 3,063,519
2004	1,010,000	433,958	74,135	1,518,093
2005	1,080,000	377,450	74,135	1,531,585
2006	1,145,000	316,706		1,461,706
2007	1,210,000	251,968		1,461,968
2008-2018	3,455,000	698,494		4,153,494
<b>Total</b>	<b>\$ 10,275,000</b>	<b>\$ 2,643,450</b>	<b>271,915</b>	<b>\$ 13,190,365</b>
Less: amount representing interest at 3.74% to 5.96%			(16,813)	
Present value of future minimum lease payments			<u>\$ 255,102</u>	

B. Enterprise Fund Obligations

Long-term obligations recorded in the Enterprise fund include the following at June 30, 2002:

Combined Utility System Revenue Bonds:			
Series 1991			\$ 5,745,000
Series 1993			20,650,000
Series 1998A			2,260,000
Series 1998B			9,270,000
Series 1998C			7,930,000
Series 2000A			7,350,000
Series 2000B			10,000,000
Series 2000C			17,080,000
Subtotal			80,285,000
Less: current portion			(3,425,000)
Non-current portion			<u>\$ 76,860,000</u>

The Combined Utility System Revenue Bonds, Series 1991 are due in annual installments of \$1,300,000 to \$1,565,000 on January 1, 2003 and from January 1, 2016 through January 1, 2018, plus interest at 5.75% to 6.10%.

The Combined Utility System Revenue Bonds, Series 1993 are due in annual installments of \$720,000 to \$1,700,000 through January 1, 2020, plus interest at 4.875% to 5.375%.

The Combined Utility System Revenue Bond Series 1998A are due in annual installments of \$285,000 to \$390,000 through January 2009 plus interest at 4.00% to 4.40%.

The Combined Utility System Revenue Bond Series 1998B are due in annual installments of \$305,000 to \$615,000 through January 2023, plus variable interest.

The Combined Utility System Revenue Bond Series 1998C are due in annual installments of \$275,000 to \$615,000

plus interest at 4.10% to 5.00% through January 2021.

In July and November, 2000 the City issued three Combined Utility System Revenue Bond series: \$7,745,000 Series A due in annual installments of \$415,000 to \$750,000 through January 2015, plus interest at 5.00% to 5.40%, \$10,000,000 Series B due in annual installments of \$835,000 to \$1,185,000 from January 1, 2016 through January 2025, plus variable interest, and \$17,260,000 Series C due in annual installments of \$125,000 to \$2,020,000 through January 2015, plus interest at 4.50% to 5.25%. The Series A and B bonds raised funds for the construction of new utility projects. The Series C bonds partially refunded the 1991 bonds, resulting in a net defeasance loss of \$762,693, which is the difference between the acquisition price of the new bonds and the net carrying amount of the refunded bonds.

Long-term obligation requirements and scheduled future payments for reimbursements due to developers are as follows:

Year ending June 30,	Combined Utility System Revenue Bonds		Reimbursements due to developers	Total
	Principal	Interest		
2003	\$ 3,425,000	\$ 3,773,890	\$ 60,000	\$ 7,258,890
2004	3,595,000	3,599,270	60,000	7,254,270
2005	3,770,000	3,423,290	60,000	7,253,290
2006	3,945,000	3,241,690	60,000	7,246,690
2007	4,130,000	3,049,894	60,000	7,239,894
2008-2025	61,420,000	22,110,831	431,564	83,962,395
<b>Total</b>	<b>\$ 80,285,000</b>	<b>\$ 39,198,865</b>	<b>\$ 731,564</b>	<b>\$ 120,215,429</b>

The net revenues of the utility system are pledged for repayment of PMPA debt, Combined Utility Revenues bond principal and interest, and tax increment bond principal and interest (see 8.A on page 36 and Note 12).

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted assets, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The City is in compliance with all such significant financial limitations and restrictions.

### C. Advance Refunding

In prior years, the City defeased the 1988 Tax Increment bonds, and the 1988, 1990 and 1994 Combined Utility System bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2002, \$41,700,000 of utility bonds outstanding from the 1988, 1990 and 1994 Series, and \$2,640,000 of 1988 Tax Increment bonds are considered defeased. The 1998 defeasance resulted in a net defeasance loss of \$304,780, which is the difference between the acquisition price of the new bonds and the net carrying amount of the defeased bonds. In November, 2000, the City defeased a portion of the 1991 Combined Utility System Revenue Bonds. The defeasance resulted in a net loss of \$762,693, which is the difference between the acquisition price of the new bonds and the net carrying amount of the refunded bonds. These amounts are being recognized as a reduction of the new debt and are being amortized over the life of the new debt, which is shorter than the life of the old debt.

9. CONTRIBUTED CAPITAL - ENTERPRISE FUND

Changes in contributed capital during the year ended June 30, 2002 were as follows:

Contributed capital, June 30, 2001	\$61,001,692
Contributions from general fund	<u>1,030,230</u>
Contributed capital, June 30, 2002	<u>\$62,031,922</u>

10. RISK MANAGEMENT AND RETENTION

The City's risk management combines elements of both self-insurance and purchased insurance policies divided into coverage for comprehensive general liability, automobile liability, automobile physical damage, workers' compensation, property, crime insurance, employee health care insurance, and "all risk" insurance including theft, flood and earthquake. The costs of these policies are accounted for in the General fund.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance purchased from two of three pools sponsored by the South Carolina Municipal Association. Workers' compensation is carried by the South Carolina Municipal Insurance Trust Fund. Employee health care is carried by the South Carolina State Employees Blue Cross Plan. The remaining policies are carried by the South Carolina Municipal Insurance and Risk Financing Fund. The City is subject to a \$1,000 deductible requirement on all insured properties, "all risk" and crime policies only, a \$15,000 deductible per claim for workers compensation, as well as a \$50,000 deductible per claim for general liability and auto liability claims.

The workers' compensation policy provides coverage as required by statute. The automobile liability policy covers up to \$1,000,000 per occurrence. The comprehensive general liability policy covers up to \$1,000,000 per claim, and the crime policy covers up to \$100,000 per occurrence. The other policies essentially cover the amount of the loss. In the event a claim is settled for an amount exceeding the limits of these policies, the City would have to pay the excess. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

11. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the City provides post-retirement health care benefits to all employees that meet certain service requirements. This program is authorized by the City's Personnel Resolution, which is approved by City Council. Expenditures for post-retirement health care benefits are recognized when premiums are paid. During the year ended June 30, 2002, expenditures of \$186,969, net of \$379,603 paid by retirees, were recognized for post-retirement health care for 149 retirees.

12. COMMITMENTS AND CONTINGENCIES

The City has commitments for certain construction contracts in process at June 30, 2002 which will require the expenditure of resources in future periods. The amount committed by the Enterprise fund is \$2,448,734.

The City has a long-term agreement to purchase electrical power from the Piedmont Municipal Power Agency (PMPA), a governmental corporation organized under the laws of the State of South Carolina. The agreement expires between 2022 and 2035 depending on certain contingencies. PMPA's generating capacity is committed to a group of municipalities, who have their own electrical utility operations, of which the City is the largest participant. The City is committed to purchase annually 28.5% (its participant's share) of the power made available by PMPA to the group and has pledged its electric system revenues as security for this commitment over the term of the agreement. In the year ended June 30, 2002, the cost of power purchased under this agreement amounted to \$40,282,433 (the remainder of the City's wholesale power cost of \$884,124 was purchased from the U.S. Department of Energy's Southeastern Power Administration). Because of the

nature of the agreement, the aggregate commitments over future years cannot be determined.

The City participates in a number of Federally assisted grant programs which are subject to financial and compliance audits. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the agreement. The amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is party to a number of civil lawsuits and other legal actions. In the opinion of the City's attorney and management, the ultimate outcome of these suits is not expected to have a significant impact upon the City's financial position.

13. ENTERPRISE FUND SEGMENT INFORMATION

The City maintains one general ledger Enterprise fund to account for electric, water and sewer services (the Acombined utility system@), and another general ledger Enterprise fund to account for storm water management. These two funds are treated as one fund for GAAP reporting purposes. All Enterprise fund activities are financed by user charges. The following is segment information for the electric, water, sewer and storm water operations for the year ended June 30, 2002:

	Electric	Water	Sewer	Stormwater	Total
<b>Operating revenues</b>					
Sales	\$ 52,154,024	\$ 7,793,378	\$ 9,619,371	\$ 1,019,404	\$ 70,586,177
Other user charges	1,765,960	204,277	486,203		2,456,440
<b>Total operating revenues</b>	<b>53,919,984</b>	<b>7,997,655</b>	<b>10,105,574</b>	<b>1,019,404</b>	<b>73,042,617</b>
<b>Operating expenses</b>					
Purchased power	41,166,557				41,166,557
System operations	3,209,295	2,617,247	3,967,522	1,146,120	10,940,184
Depreciation and amortization	1,994,609	1,194,321	2,207,689	44,467	5,441,086
General and administrative	1,353,093	778,602	1,194,320		3,326,015
<b>Total operating expenses</b>	<b>47,723,554</b>	<b>4,590,170</b>	<b>7,369,531</b>	<b>1,190,587</b>	<b>60,873,842</b>
<b>Operating income (loss)</b>	<b>6,196,430</b>	<b>3,407,485</b>	<b>2,736,043</b>	<b>(171,183)</b>	<b>12,168,775</b>
<b>Nonoperating revenues (expenses)</b>					
Interest income	61,093	162,795	86,374	18,643	328,905
Interest expense	(788,421)	(990,901)	(1,124,528)		(2,903,850)
Loss on disposal of fixed assets	(215,303)				(215,303)
<b>Total nonoperating revenues (expenses), net</b>	<b>(942,631)</b>	<b>(828,106)</b>	<b>(1,038,154)</b>	<b>18,643</b>	<b>(2,790,248)</b>
<b>Income (loss) before capital contributions and operating transfers</b>					
	5,253,799	2,579,379	1,697,889	(152,540)	9,378,527
<b>Capital contributions</b>		1,767,732	2,317,527		4,085,259
<b>Operating transfers to the General fund</b>					
	(2,354,930)				(2,354,930)
<b>Net income (loss)</b>	<b>\$ 2,898,869</b>	<b>\$ 4,347,111</b>	<b>\$ 4,015,416</b>	<b>\$ (152,540)</b>	<b>\$ 11,108,856</b>

Enterprise fund balance sheet accounts are maintained on a combined basis within the Enterprise fund and cannot be divided by segment. Bondholders and creditors in general have claims against the combined utility system as a whole and not against any one segment.

**SUPPLEMENTARY FINANCIAL INFORMATION**

**CITY OF ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

The General Fund is the City=s principal operating fund and is used to account for all financial transactions traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>			
<b>GENERAL FUND</b>			
<b>BALANCE SHEET</b>			
<b>JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001</b>			
<b><u>ASSETS</u></b>			
<b>ASSETS:</b>		<b>2002</b>	<b>2001</b>
Cash and cash equivalents		\$ 4,340,761	\$ 2,395,520
Receivables (net of allowances for uncollectible accounts):			
Property taxes and assessment			
Intergovernmental		77,773	77,773
Other		172,847	146,509
Due from other funds		21,406	1,297,049
Inventories		182,558	169,554
Restricted cash and cash equivalents		1,875,276	1,863,000
<b>TOTAL ASSETS</b>		<b>\$ 6,670,621</b>	<b>\$ 5,949,405</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities		\$ 2,571,014	\$ 2,199,871
Due to component unit		47,356	147,129
Accrued interest payable		417,287	416,085
Deferred revenue		10,000	
Reimbursements payable to developers		424,790	468,995
<b>Total liabilities</b>		<b>3,470,447</b>	<b>3,232,080</b>
<b>FUND BALANCES:</b>			
Reserved for:			
Debt service		131,842	131,842
Friedheim Cemetery maintenance		5,000	5,000
Tax sales		62,784	76,773
Accommodations tax		521,256	450,012
Drug enforcement		131,075	116,536
Recreation programs		245,701	68,668
Capital projects		1,349,297	1,381,386
Encumbrances		249,068	
Victim Assistance		161,524	144,481
Unreserved:			
Undesignated		342,627	342,627
<b>Total fund balances</b>		<b>3,200,174</b>	<b>2,717,325</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		<b>\$ 6,670,621</b>	<b>\$ 5,949,405</b>

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>					
GENERAL FUND					
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -					
BUDGET AND ACTUAL					
FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001					
			2002	Variance	2001
				Favorable	
				(Unfavorable)	
REVENUES:	Budget	Actual		Actual	
Property taxes:					
Current property tax	\$ 8,657,332	\$ 9,840,146	\$ 1,182,814	\$ 8,140,729	
Motor vehicle taxes	2,414,743	2,302,768	(111,975)	2,343,815	
Merchants' inventory tax	194,824	194,824		194,824	
Manufacturer's exemption	101,436	93,613	(7,823)	71,738	
Prior years tax	900,000	1,110,911	210,911	1,652,870	
Tax increment TechPark-City	229,588	203,902	(25,686)	222,901	
Tax increment TechPark-County	548,638	496,720	(51,918)	520,295	
Tax increment Towncenter-City	48,192	56,513	8,321	44,623	
Tax increment Towncenter-County	116,004	140,050	24,046	107,411	
Special Assess-Stanley				408	
Special Assess-Other				207	
Tax increment Waterford-City	701,091	593,617	(107,474)	577,818	
Tax increment Waterford-County	1,201,245	1,719,545	518,300	1,647,862	
Penalties	92,000	41,676	(50,324)	104,780	
Execution fees	3,000	410	(2,590)	10,110	
Payment in lieu of tax	31,944	68,018	36,074	34,256	
Total property taxes	15,240,037	16,862,713	1,622,676	15,674,647	
Licenses and permits:					
Business license	4,100,000	4,796,077	696,077	4,549,211	
Nonbusiness license	800	430	(370)	570	
Cable franchise	387,678	377,354	(10,324)	386,450	
Building permits	602,120	805,688	203,568	739,986	
Mechanical permits	8,000	12,084	4,084	7,140	
Electrical permits	8,000	10,452	2,452	4,435	
Plumbing permits	3,000	13,610	10,610	3,043	
Gas permits	3,000	1,400	(1,600)	640	
Zoning permits and fees	4,000	3,225	(775)	2,530	
Total licenses and permits	5,116,598	6,020,320	903,722	5,694,005	
Fines and forfeitures					
Court fines	500,000	531,691	31,691	471,774	
Parking tickets	15,000	19,227	4,227	15,862	
Environmental fines	15,000		(15,000)		
Victim assistance		110,366	110,366	99,563	
Drug enforcement forfeitures		62,129	62,129	91,573	
Total fines and forfeitures	530,000	723,413	193,413	678,772	
Intergovernmental					
Aid to subdivisions	1,348,936	1,307,587	(41,349)	1,220,455	
Accommodations fee - County		500	500	1,000	

CITY OF ROCK HILL, SOUTH CAROLINA				
GENERAL FUND				
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -				
BUDGET AND ACTUAL				
FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001				
			2002	2001
			Variance	
			Favorable	
			(Unfavorable)	
REVENUES - (continued):	Budget	Actual		Actual
Intergovernmental - (continued):				
Accommodations fee - State		\$ 230,018	\$ 230,018	\$ 253,574
RHEDC - Waterford tunnel				67,742
Brokers tax		481	481	9,235
State recreation grant	\$ 84,500		(84,500)	800
R.F.A.T.S.	260,000	70,580	(189,420)	71,287
Other State grants	71,000	30,000	(41,000)	82,829
Community Development	45,000	69,240	24,240	63,838
Total intergovernmental	1,809,436	1,708,406	(101,030)	1,770,760
Charges for services:				
Grave fees	91,500	79,786	(11,714)	83,814
Monument markers	1,800	1,990	190	
Sales of cemetery lots	100,000	78,128	(21,872)	94,731
Service charge - returned checks	2,800	1,690	(1,110)	1,625
Charge off collections	4,800	3,421	(1,379)	5,724
Maintenance and security TechPark	3,500		(3,500)	3,550
Housing Authority - reimbursement	904,215	1,078,381	174,166	944,228
Plan checking fees	47,000	2,274	(44,726)	29,482
Examination Fees	150	80	(70)	120
Reinspection Fees	25,000	20,499	(4,501)	26,434
Sale of maps and zoning material		(150)	(150)	
Winthrop fuel and repair	78,500	76,933	(1,567)	69,251
Miscellaneous planning revenue	50,000	77,363	27,363	114,598
Sale of City Property - Other		31,282	31,282	394,649
Copier		157	157	6
Sale of surplus and scrap	300,000	115,716	(184,284)	82,908
Police revenue-records unit	20,000	12,670	(7,330)	19,593
Police Jail Telephone	500		(500)	241
Police Outside Training	1,250		(1,250)	700
Juvenile restitution	4,200	2,214	(1,986)	3,512
Fire protection - outside fees	61,000	61,602	602	60,459
Street, sidewalk, curb and gutter	750		(750)	640
Refuse collection	3,727,203	3,687,959	(39,244)	3,571,775
Recycling center revenue	193,932	20,523	(173,409)	95,414
Environmental - yard mowing		487	487	749
Sale of refuse containers	60,000	64,566	4,566	72,673
Demolition	3,000	4,750	1,750	5,004
Lot clearance fee	700	461	(239)	670
Markers	5,000	1,200	(3,800)	

CITY OF ROCK HILL, SOUTH CAROLINA				
GENERAL FUND				
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -				
BUDGET AND ACTUAL				
FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001				
			2002	2001
			Variance	
			Favorable	
			(Unfavorable)	
REVENUES - (continued):	Budget	Actual		Actual
Charges for services - (continued):				
Vending concessions for recreation	\$ 550	\$ 529	\$ (21)	\$ 649
Cherry Park concessions	150,000	178,913	28,913	134,347
Swimming pool	15,000	10,400	(4,600)	11,885
Special events				11
Special recreation programs	355,550	373,922	18,372	339,694
Recreation activity fee	35,000	25,814	(9,186)	19,578
Hospitality fee	385,000	386,422	1,422	375,895
Other recreation revenue	30,000	28,039	(1,961)	26,696
Insured damages recovered	15,000	40,290	25,290	13,356
Third party damages recovered	20,000	25,084	5,084	12,619
Discounts	2,000	1,170	(830)	2,016
False alarm revenue-Fire	10,000	4,125	(5,875)	8,500
False alarm revenue-Police	6,000	8,725	2,725	6,125
Total charges for services	6,710,900	6,507,415	(203,485)	6,633,921
Property sales	100,000		(100,000)	392,635
Investment earnings				
Operational	75,000	47,468	(27,532)	66,560
Accommodations funds		6,067	6,067	5,387
Drug enforcement funds		4,037	4,037	8,037
Total investment earnings	75,000	57,572	(17,428)	79,984
Other:				
Airport	152,616	134,071	(18,545)	142,037
Police home loan payments		6,682	6,682	6,432
Rent -City real property	51,000	48,321	(2,679)	23,635
Downtown parking	28,536	9,705	(18,831)	8,774
Rent - Federal building	18,852	19,028	176	21,160
Volunteer service programs		213,827	213,827	115,620
RHEDC staff reimbursement	58,000		(58,000)	58,000
Disaster reimbursement				(579)
Contributions for Red River projects		250,000	250,000	
Other revenues (all others)	835,000	3,051	(831,949)	55,489
Total other	1,144,004	684,685	(459,319)	430,568
TOTAL REVENUES	30,725,975	32,564,524	1,838,549	31,355,292

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>					
GENERAL FUND					
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -					
BUDGET AND ACTUAL					
FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001					
			2002	2001	
			Variance		
			Favorable		
			(Unfavorable)		
	Budget	Actual		Actual	
<b>EXPENDITURES:</b>					
General government:					
City Council and management:					
	City Council	\$ 178,594	\$ 179,237	\$ (643)	\$ 186,694
	City management	450,108	457,384	(7,276)	457,220
	Public information	176,727	181,654	(4,927)	163,774
	Municipal Court	679,834	649,110	30,724	610,979
	Legal services	242,700	303,763	(61,063)	302,891
	Total City Council and management	1,727,963	1,771,148	(43,185)	1,721,558
Planning and development:					
	Administration	368,107	358,028	10,079	267,612
	Community development	519,092	440,291	78,801	760,453
	Development coordinating center	209,613	186,695	22,918	
	Planning services	964,587	469,104	495,483	472,677
	Mapping/CIS	164,980	151,566	13,414	119,331
	Total planning and development	2,226,379	1,605,684	620,695	1,620,073
Human resources:					
	Administration	312,391	309,451	2,940	336,575
	Personnel	224,530	222,468	2,062	214,272
	Total human resources	536,921	531,919	5,002	550,847
Finance:					
	Administration	164,811	182,056	(17,245)	154,160
	Accounting	404,419	434,936	(30,517)	407,683
	Budget office	144,903	171,762	(26,859)	144,093
	Purchasing/fleet	771,488	761,674	9,814	835,360
	Central collections	509,226	512,726	(3,500)	520,397
	Risk management	234,180	256,667	(22,487)	227,237
	Utility billing/customer service	996,324	1,045,419	(49,095)	957,254
	Management information systems	886,298	820,120	66,178	849,752
	Elections	12,912	10,892	2,020	
	Total finance	4,124,561	4,196,252	(71,691)	4,095,936
Property maintenance:					
	Horticulture	1,107,471	1,016,898	90,573	1,047,614
	Building maintenance	597,276	604,050	(6,774)	557,811
	Cemetery services	98,187	97,513	674	99,988
	Custodial services	399,188	385,630	13,558	370,200
	Airport operations	119,797	121,619	(1,822)	91,163
	Total property maintenance	2,321,919	2,225,710	96,209	2,166,776

CITY OF ROCK HILL, SOUTH CAROLINA					
GENERAL FUND					
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -					
BUDGET AND ACTUAL					
FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001					
		2002		2001	
			Variance		
			Favorable		
			(Unfavorable)		
	Budget	Actual		Actual	
EXPENDITURES - (continued):					
General government - (continued):					
	Housing Authority	\$ 904,215	\$ 1,072,174	\$ (167,959)	\$ 980,196
	Economic development department	508,886	500,540	8,346	403,576
	Nondepartmental	1,836,124	772,090	1,064,034	733,465
	Administrative cost transfers	(3,250,000)	(2,919,380)	(330,620)	(2,868,407)
	Total General government	10,936,968	9,756,137	1,180,831	9,404,020
Public safety:					
Police:					
	Operations	7,364,085	7,135,094	228,991	7,071,676
	Drug fund expenditures		51,628	(51,628)	134,112
	Total police	7,364,085	7,186,722	177,363	7,205,788
Fire:					
	Administration and training	306,559	320,607	(14,048)	309,655
	Prevention and investigation	242,591	228,068	14,523	233,364
	Suppression	2,819,579	2,861,413	(41,834)	2,699,739
	Total fire	3,368,729	3,410,088	(41,359)	3,242,758
	Total public safety	10,732,814	10,596,810	136,004	10,448,546
Public Works:					
	Administration	195,682	186,720	8,962	171,584
	Street maintenance	1,334,810	1,094,154	240,656	1,025,454
	Residential waste	1,096,489	1,293,362	(196,873)	1,082,438
	Commercial waste	1,016,966	913,665	103,301	1,060,167
	Curbside trash	797,654	903,219	(105,565)	804,040
	Beautification	764,792	746,576	18,216	667,321
	Total public works	5,206,393	5,137,696	68,697	4,811,004

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>				
GENERAL FUND				
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -				
BUDGET AND ACTUAL				
FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001				
		2002		2001
			Variance	
			Favorable	
			(Unfavorable)	
	Budget	Actual		Actual
<b>EXPENDITURES - (continued):</b>				
Parks, recreation and tourism:				
Administration	\$ 421,495	\$ 424,582	\$ (3,087)	\$ 409,968
Activities	922,171	851,819	70,352	862,549
Community services	1,311,880	1,412,538	(100,658)	984,260
Facilities	353,253	343,051	10,202	429,750
Therapeutics	166,400	177,547	(11,147)	170,607
Accommodations tax projects		165,340	(165,340)	184,020
Total parks, recreation and tourism	3,175,199	3,374,877	(199,678)	3,041,154
Reimbursements to developers				(957)
Capital outlay				
Operational capital	1,669,950	907,743	762,207	871,257
Use of capital lease proceeds		206,750	(206,750)	
Red River TIF district		1,626,396	(1,626,396)	1,624,519
Total capital outlay	1,669,950	2,740,889	(1,070,939)	2,495,776
Debt service:				
Principal, interest and fees	2,940,247	2,937,926	2,321	2,922,852
Capital lease payments	99,020	99,020		99,020
Total debt service	3,039,267	3,036,946	2,321	3,021,872
<b>TOTAL EXPENDITURES</b>	<b>34,760,591</b>	<b>34,643,355</b>	<b>117,236</b>	<b>33,221,415</b>
<b>EXPENDITURES OVER REVENUES</b>	<b>(4,034,616)</b>	<b>(2,078,831)</b>	<b>1,955,785</b>	<b>(1,866,123)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	4,034,616	2,354,930	(1,679,686)	1,923,316
Operating transfers out				(25,997)
Proceeds from capital lease		206,750	206,750	
Total other financing sources (uses)	4,034,616	2,561,680	(1,472,936)	1,897,319
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>				
		482,849	482,849	31,196
Fund balance, beginning of year	2,717,325	2,717,325		2,686,129
Fund balance, end of year	\$ 2,717,325	\$ 3,200,174	\$ 482,849	\$ 2,717,325

**CITY OF ROCK HILL, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

The Special Revenue fund is used to account for resources received from the Federal government that are legally restricted to specified purposes.

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>							
SPECIAL REVENUE FUND							
BALANCE SHEET							
JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001							
ASSETS:				2002	2001		
Cash and cash equivalents				\$ 649,246	\$ 507,666		
Receivables:							
Intergovernmental				70,226	254,936		
Rehabilitation loans				720,970	785,542		
TOTAL ASSETS				<u>\$ 1,440,442</u>	<u>\$ 1,548,144</u>		
LIABILITIES AND FUND BALANCE							
LIABILITIES:							
Accounts payable and accrued liabilities				\$ 102,121	\$ 185,376		
Due to other funds				21,406	92,206		
Deferred revenues				897,429	785,542		
Total liabilities				<u>1,020,956</u>	<u>1,063,124</u>		
FUND BALANCE:							
Reserved for community development projects				419,486	485,020		
TOTAL LIABILITIES AND FUND BALANCE				<u>\$ 1,440,442</u>	<u>\$ 1,548,144</u>		



## **CITY OF ROCK HILL, SOUTH CAROLINA**

### **CAPITAL PROJECTS FUNDS**

Capital Projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by Proprietary funds.

1992 Tax Increment Bond Fund - This fund is used to account for the proceeds of the 1992 Tax Increment Bonds and the expenditure of the proceeds in the City's Red River Tax Increment District.

1993 Series A General Obligation Bond Fund - This fund is used to account for the proceeds of Series A of the 1993 General Obligation Bonds and the expenditure of proceeds on various Citywide land, building and infrastructure projects.

1993 Series B General Obligation Bond Fund - This fund is used to account for the proceeds of Series B of the 1993 General Obligation Bonds and the expenditure of proceeds on various Citywide land, building and infrastructure projects.

1997 General Obligation Bond Fund - This fund is used to account for the proceeds of the 1997 General Obligation Bonds and the expenditure of proceeds on a new fire station and other fire master plan projects.

Transportation Committee Fund - This fund is used to account for one-time proceeds from the York County Transportation Committee and the expenditure of those funds on designated road paving projects.

Operational Capital Projects Fund - This fund is used to account for the financing and construction of various general government capital assets. Financing is provided principally by State grants, operating transfers from the General fund and investment earnings.



**CITY OF ROCK HILL, SOUTH CAROLINA**

**CAPITAL PROJECTS FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001**

	1992	G.O. bond	G.O. bond	Transportation	Operational	Totals	
	Tax increment	fund	fund	committee	capital	2002	2001
	bond fund	Series 1993 B	Series 1997	fund	projects		
<b>REVENUES:</b>							
Intergovernmental revenue					\$ 218,262	\$ 218,262	\$ 249,568
Investment earnings			\$ 1,145	\$ 189		1,334	16,360
Other							85,000
Total revenues			1,145	189	218,262	219,596	350,928
<b>EXPENDITURES:</b>							
Capital outlay	\$ (73)	\$ 675	1,289		217,509	219,400	742,425
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	73	(675)	(144)	189	753	196	(391,497)
<b>OTHER FINANCING SOURCES</b>							
Operating transfers in							25,997
<b>REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES</b>	73	(675)	(144)	189	753	196	(365,500)
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR</b>	(73)	675	128,268	6,433		135,303	500,803
<b>FUND BALANCES AT END OF YEAR</b>			\$ 128,124	\$ 6,622	\$ 753	\$ 135,499	\$ 135,303

**CITY OF ROCK HILL, SOUTH CAROLINA**

**ENTERPRISE FUND**

The Enterprise fund is used to account for operations which provide goods or services and recover costs through user charges in a manner similar to private business enterprises. The City's four enterprise operations are electric, water, sewer (the ACombined Utility System@) and storm water.



<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>					
<b>COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - ENTERPRISE FUND FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001</b>					
		Electric, Water and Sewer	Stormwater	Totals	
				2002	2001
<b>OPERATING REVENUES:</b>					
Electric sales		\$ 52,154,024		\$ 52,154,024	\$ 49,971,204
Water sales		7,793,378		7,793,378	6,925,279
Sewer sales		9,619,371		9,619,371	8,451,550
Storm water sales			\$ 1,019,404	1,019,404	943,816
Other user charges		2,456,440		2,456,440	2,600,514
Total operating revenues		72,023,213	1,019,404	73,042,617	68,892,363
<b>OPERATING EXPENSES:</b>					
Purchased power		41,166,557		41,166,557	39,968,110
System operations		9,794,064	1,146,120	10,940,184	10,970,946
Depreciation and amortization		5,396,619	44,467	5,441,086	5,130,871
General and administrative		3,326,015		3,326,015	3,548,988
Total operating expenses		59,683,255	1,190,587	60,873,842	59,618,915
<b>OPERATING INCOME (LOSS)</b>		<b>12,339,958</b>	<b>(171,183)</b>	<b>12,168,775</b>	<b>9,273,448</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest income		310,262	18,643	328,905	556,356
Interest expense		(2,903,850)		(2,903,850)	(3,365,316)
Gain (loss) on disposal of fixed assets		(215,303)		(215,303)	53,286
Total nonoperating revenues (expenses), net		(2,808,891)	18,643	(2,790,248)	(2,755,674)
<b>INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND OPERATING TRANSFERS</b>		<b>9,531,067</b>	<b>(152,540)</b>	<b>9,378,527</b>	<b>6,517,774</b>
<b>CAPITAL CONTRIBUTIONS</b>		<b>4,085,259</b>		<b>4,085,259</b>	<b>5,394,378</b>
<b>OPERATING TRANSFERS TO THE GENERAL FUND</b>		<b>(2,354,930)</b>		<b>(2,354,930)</b>	<b>(1,923,316)</b>
<b>NET INCOME (LOSS)</b>		<b>11,261,396</b>	<b>(152,540)</b>	<b>11,108,856</b>	<b>9,988,836</b>
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>		<b>35,784,418</b>	<b>1,089,345</b>	<b>36,873,763</b>	<b>26,884,927</b>
<b>RETAINED EARNINGS AT END OF YEAR</b>		<b>\$ 47,045,814</b>	<b>\$ 936,805</b>	<b>\$ 47,982,619</b>	<b>\$ 36,873,763</b>

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>									
<b>COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUND</b>									
<b>FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001</b>									
					Electric, Water and Sewer	Stormwater	Totals		
							2002	2001	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>									
	Cash receipts from customers				\$ 68,986,874	\$ 1,019,404	\$ 70,006,278	\$ 66,567,818	
	Cash payments to employees for services				(3,475,569)	(235,256)	(3,710,825)	(3,707,329)	
	Cash payments to other suppliers of goods or services				(51,519,256)	(892,456)	(52,411,712)	(50,048,913)	
	Other operating cash receipts				2,456,440		2,456,440	2,600,514	
	Net cash provided by (used in) operating activities				16,448,489	(108,308)	16,340,181	15,412,090	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>									
	Operating transfers to the General fund				(2,354,930)		(2,354,930)	(1,923,316)	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>									
	Acquisition and construction of capital assets				(13,982,950)	(403,694)	(14,386,644)	(10,853,997)	
	Issuance of revenue bonds							35,005,000	
	Payment of revenue bonds				(3,260,000)		(3,260,000)	(19,340,000)	
	Interest paid on revenue bonds				(3,152,291)		(3,152,291)	(4,207,249)	
	Capital contributed by developers, customers, PMPA electric wholesaler, and grants							317,007	
	Net cash provided by (used in) capital and related financing activities				(20,395,241)	(403,694)	(20,798,935)	920,761	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>									
	Interest received on investments				520,878	18,643	539,521	1,363,127	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>									
					(5,780,804)	(493,359)	(6,274,163)	15,772,662	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>									
					21,374,381	892,520	22,266,901	6,494,239	
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>									
					\$ 15,593,577	\$ 399,161	\$ 15,992,738	\$ 22,266,901	



<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>						
ENTERPRISE FUND						
SCHEDULE OF REVENUES AND EXPENSES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001						
				2002		
				Budget	Actual	Variance favorable (unfavorable)
				2001		
<b>OPERATING REVENUES:</b>						
Electric sales			\$ 53,146,158	\$ 52,154,024	\$ (992,134)	\$ 49,971,204
Water sales			7,405,035	7,793,378	388,343	6,925,279
Sewer sales			9,353,907	9,619,371	265,464	8,451,550
Other			2,641,065	2,804,278	163,213	3,042,076
Total operating revenues			72,546,165	72,371,051	(175,114)	68,390,109
<b>NONOPERATING REVENUES:</b>						
Interest income			461,600	294,780	(166,820)	348,290
<b>TOTAL REVENUES</b>			<b>73,007,765</b>	<b>72,665,831</b>	<b>(341,934)</b>	<b>68,738,399</b>
<b>EXPENSES:</b>						
Electric system			49,022,373	48,843,241	179,132	47,585,701
Water:						
Water distribution			1,157,229	1,222,552	(65,323)	1,627,994
Raw water pump station			434,391	222,566	211,825	359,970
Water filtration			995,466	1,159,039	(163,573)	1,054,601
Sewer:						
Industrial pretreatment			87,388	76,569	10,819	58,460
Sewer system			690,451	819,799	(129,348)	715,730
Manchester treatment plant			2,186,212	2,174,206	12,006	1,927,539
Environmental monitoring lab			358,258	302,876	55,382	320,171
Lift stations			453,500	460,235	(6,735)	452,881
Nondepartmental:						
Utility engineering			316,212	312,704	3,508	284,027
Utility fund nonoperating expenses			11,350,966	10,262,528	1,088,438	10,877,347
Utility administration			457,181	391,171	66,010	411,933
Capital projects			1,463,522	1,774,961	(311,439)	922,760
<b>TOTAL EXPENSES</b>			<b>68,973,149</b>	<b>68,022,447</b>	<b>950,702</b>	<b>66,599,114</b>
<b>REVENUES OVER EXPENSES</b>			<b>4,034,616</b>	<b>4,643,384</b>	<b>608,768</b>	<b>2,139,285</b>
<b>OPERATING TRANSFERS TO THE GENERAL FUND</b>			<b>4,034,616</b>	<b>2,354,930</b>	<b>1,679,686</b>	<b>(1,923,316)</b>
<b>REVENUES OVER EXPENSES AND TRANSFERS</b>			<b>\$ -</b>	<b>\$ 2,288,454</b>	<b>\$ 2,288,454</b>	<b>\$ 215,969</b>

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>							
<b>ENTERPRISE FUND</b>							
<b>SCHEDULE OF REVENUES AND EXPENSES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL</b>							
<b>FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001</b>							
<b>RECONCILIATION OF MODIFIED ACCRUAL</b>							
<b>BASIS TO FULL ACCRUAL BASIS:</b>				<b>2002</b>	<b>2001</b>		
Total revenues				\$ 72,665,831	\$ 68,738,399		
Total expenses				(68,022,447)	(66,599,114)		
Operating transfers to the General fund				(2,354,930)	(1,923,316)		
<b>REVENUES OVER EXPENSES</b>				<b>2,288,454</b>	<b>215,969</b>		
<b>ADJUSTMENTS TO FULL ACCRUAL BASIS:</b>							
Storm water net income				(152,540)	7,672		
North Cherry Road interest				50,139	167,364		
Current year portion of bond premium recognized				7,446	1,245		
Depreciation and amortization				(5,396,619)	(5,130,871)		
Payment of bond principal				3,342,500	3,004,400		
Net capitalized interest expense				512,398	78,632		
Interest income netted against capitalized interest				248,441	841,934		
Loss on disposal of fixed assets				(215,303)	(43,964)		
Land sale revenue deducted from N. Cherry Road fund				(265,000)	(213,240)		
Budgeted revenues recorded as contributed capital				4,085,259	5,394,378		
Budgeted developer payments recorded as							
contributed capital				(90,745)	133,719		
Budgeted payments on direct financing lease							
recorded as a reduction in receivable				(72,482)	(68,928)		
Deferred interest earnings recognized				30,379	35,162		
Capitalized expenditures				6,736,529	5,565,364		
<b>NET INCOME</b>				<b>\$ 11,108,856</b>	<b>\$ 9,988,836</b>		

## **CITY OF ROCK HILL, SOUTH CAROLINA**

### **FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governments.

### **NONEXPENDABLE TRUST FUND**

Beautification fund - Accounts for resources contributed by individuals and private organizations. The related assets are included in the Nonexpendable Trust fund. Interest earned on the trust fund may only be spent on certain City beautification projects.

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>							
FIDUCIARY FUNDS							
BALANCE SHEET							
JUNE 30, 2002 WITH COMPARATIVE AMOUNTS FOR 2001							
ASSETS:					2002	2001	
	Cash and cash equivalents			\$ 74,168	\$ 71,885		
	Investments			38,312	35,912		
	Other receivables				1,013		
TOTAL ASSETS					<u>\$ 112,480</u>	<u>\$ 108,810</u>	
FUND BALANCE:							
	Reserved for beautification projects			<u>\$ 112,480</u>	<u>\$ 108,810</u>		

**CITY OF ROCK HILL, SOUTH CAROLINA**

**GENERAL FIXED ASSETS ACCOUNT GROUP**

The General Fixed Assets Account Group is used to account for all fixed assets of the City, other than those accounted for in the Enterprise fund.

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>						
<b>GENERAL FIXED ASSETS ACCOUNT GROUP</b>						
<b>SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY</b>						
<b>JUNE 30, 2002</b>						
<b>FUNCTION AND ACTIVITY</b>		<b>Total</b>	<b>Land and Improvements</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Furniture and Fixtures</b>
<b>General government:</b>						
City Council and management		\$ 19,261,963	\$ 7,842,600	\$ 10,211,666	\$ 488,032	\$ 719,665
Planning and development		1,226,228	173,286		1,052,942	
Human resources		403,431		381,680	21,751	
Finance		721,886	16,755	25,925	679,206	
Property maintenance		2,390,976	195,080	1,573,895	622,001	
Nondepartmental		1,331,715	501,531	370,796	459,388	
Total general government		25,336,199	8,729,252	12,563,962	3,323,320	719,665
<b>Public safety:</b>						
Police		5,562,268	59,036	1,875,414	3,507,918	119,900
Fire		3,900,939	148,500	1,824,031	1,928,408	
Total public safety		9,463,207	207,536	3,699,445	5,436,326	119,900
Public works		4,153,587	11,318	157,033	3,985,236	
Parks, recreation and tourism		13,259,593	7,804,155	5,169,715	269,300	16,423
Total general fixed assets allocated to functions		52,212,586	\$ 16,752,261	\$ 21,590,155	\$ 13,014,182	\$ 855,988
Construction in progress		2,991,338				
Total general fixed assets		\$ 55,203,924				
<b>SOURCES:</b>						
General fund revenue		\$ 18,875,132				
General obligation bonds		2,356,644				
Law enforcement seizures		459,137				
Tax increment bonds		358,636				
Federal grants		3,158,643				
State grants		649,187				
County grants		633,697				
Capital leases		475,962				
Contributions		871,415				
General fixed assets purchased prior to January 1, 1989 were not classified by source		27,365,471				
Total		\$ 55,203,924				





**CITY OF ROCK HILL, SOUTH CAROLINA**

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) - LAST TEN FISCAL YEARS (2)**

Year Ended Dec. 31,	Property Taxes	Licenses and Permits	Fines and Forfeitures	Investment Earnings	Inter governmental	Charges for Services	Property Sales	Program Income	Miscellaneous	Total
1992	\$ 7,855,629	\$ 2,099,223	\$ 400,969	\$ 54,959	\$ 3,295,302	\$ 2,883,634	\$ 351,460	\$ 189,426	\$ 40,069	\$ 17,170,671
1993	8,042,413	2,176,477	633,620	35,309	3,954,626	3,350,503	-	261,190	111,308	18,565,446
1994	9,185,295	2,791,463	591,844	50,109	1,625,323	4,121,234	15,286	99,551	583,551	19,063,656
1995	9,557,124	3,042,479	793,951	67,210	3,008,981	4,270,763	64,740	206,028	126,551	21,137,827
1996	10,391,370	3,487,031	756,187	57,302	2,540,493	4,606,607	71,500	131,008	120,087	22,161,585
1997	11,086,172	3,803,277	942,484	68,215	3,420,268	4,933,116	78,066	86,732	92,438	24,510,768
1998	11,587,451	4,166,760	1,000,381	86,530	2,626,213	5,281,173	65,623	73,987	130,559	25,018,677
1999	13,143,572	4,583,326	977,688	95,766	2,047,607	5,803,612	134,008	155,433	196,078	27,137,090
Year Ended Jun. 30,										
2001	15,674,647	5,694,005	678,772	95,250	2,610,510	6,633,921	392,635	103,672	430,568	32,313,980
2002	16,862,713	6,020,320	723,413	67,736	2,933,668	6,507,415	-	28,687	684,685	33,828,637
Notes:	(1) Includes General and Special Revenue funds									
	(2) excludes data for six month period ended June 30, 2000									

**CITY OF ROCK HILL, SOUTH CAROLINA**

**GENERAL GOVERNMENTAL EXPENDITURES BY SOURCE (1) - LAST TEN FISCAL YEARS (2)**

Year Ended Dec. 31,	General Government	Public Safety	Public Works	Parks, Recreation & Tourism	Economic Development	Housing Rehabilitation	Capital Outlay	Debt Service	Total
1992	\$ 10,494,824	\$ 5,886,185	\$ 2,554,386	\$ 2,263,127	\$ 429,289	\$ 189,711	\$ 2,183,505	\$ 1,371,207	\$ 25,372,234
1993	10,890,756	5,696,090	2,835,550	2,318,256	-	468,476	4,133,804	1,350,071	27,693,003
1994	11,826,956	6,210,979	3,176,559	2,498,546	15,286	195,307	1,812,668	2,360,966	28,097,267
1995	8,850,586	8,580,790	3,878,330	2,741,520	64,740	500,864	1,081,374	2,918,240	28,616,444
1996	9,120,113	9,097,158	4,091,893	2,866,784	71,500	225,299	692,171	3,515,570	29,680,488
1997	8,143,198	9,968,456	4,291,552	2,858,436	78,066	101,734	1,844,605	3,078,276	30,364,323
1998	7,626,265	9,934,796	4,268,892	2,906,995	65,623	-	788,327	3,270,809	28,861,707
1999	8,168,585	10,256,151	4,479,387	2,891,563	134,008	24,718	978,331	3,469,373	30,402,116
Year Ended Jun. 30,									
2001	9,658,399	10,578,946	4,811,004	3,041,154	-	80,982	2,894,805	3,020,915	34,086,205
2002	9,988,149	11,001,971	5,137,696	3,374,877	-	85,076	3,348,288	3,036,946	35,973,003
Notes:	(1) Includes General and Special Revenue funds								
	(2) Excludes data for six month period ended June 30, 2000								

CITY OF ROCK HILL, SOUTH CAROLINA								
PROPERTY TAX LEVIES AND COLLECTIONS (1) LAST TEN FISCAL YEARS (2)								
Fiscal Year Ended December 31	Tax Levy Year	Total Tax Levy	Fiscal Year Current Tax Collections	Fiscal Year Percentage of Levy Collected	Delinquent Collections	Total Tax Collections	Percentage of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes
1992	1992	\$ 7,423,474	\$ 6,867,052	92.50%	\$ 469,288	\$ 7,336,340	98.83%	\$ 87,134
1993	1993	7,857,232	6,806,871	86.63%	1,001,318	7,808,189	99.38%	49,043
1994	1994	8,175,509	7,268,317	88.90%	841,915	8,110,232	99.20%	65,277
1995	1995	8,203,761	7,565,213	92.22%	631,681	8,196,894	99.92%	6,867
1996	1996	9,045,073	8,247,565	91.18%	781,003	9,028,568	99.82%	16,505
1997	1997	9,449,958	8,497,973	89.93%	818,365	9,316,338	98.59%	133,620
1998	1998	10,991,086	10,218,367	92.97%	744,542	10,962,909	99.74%	28,177
1999	1999	10,846,047	9,979,559	92.01%	748,683	10,728,242	98.91%	117,805
Fiscal Year Ended June 30								
2001	2000	12,042,905	11,604,549	96.36%	239,457	11,844,006	98.35%	198,899
2002	2001	12,720,474	12,179,897	95.75%				540,577
Notes:	(1) Includes vehicle tax levies and collections that are collected by the county government.							
	(2) Excludes data for six month period ended June 30, 2000							
	(3) Sources of information - for Tax Levy Years through 1999, City of Rock Hill Central Collections Division for Tax Levy Years 2000 and 2001, York County Treasurer							

**CITY OF ROCK HILL, SOUTH CAROLINA**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31	Tax Levy Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
		1992	1992	\$ 54,895,495	\$ 1,086,719,369	\$ 24,621,180	\$ 271,630,286	
1993	1993	56,819,471	1,120,606,351	25,441,096	277,701,081	82,260,567	1,398,307,432	5.88%
1994	1994	57,775,943	1,147,517,186	25,869,093	282,216,814	83,645,036	1,429,734,000	5.85%
1995	1995	59,359,639	1,178,910,884	28,223,006	308,152,533	87,582,645	1,487,063,417	5.89%
1996	1996	64,289,591	1,250,442,390	34,901,078	362,743,576	99,190,669	1,613,185,966	6.15%
1997	1997	66,732,042	1,303,486,779	35,819,181	379,708,414	102,551,223	1,683,195,193	6.09%
1998	1998	70,139,798	1,373,564,211	36,247,317	383,242,471	106,387,115	1,756,806,682	6.06%
1999	1999	70,042,110	1,371,631,287	38,831,176	409,546,510	108,873,286	1,781,177,797	6.11%
Fiscal Year Ended June 30								
2001	2000	80,594,292	1,594,506,137	45,959,162	541,501,593	126,553,454	2,136,007,730	5.92%
2002	2001	106,895,131	2,102,866,312	46,335,800	506,920,362	153,230,931	2,609,786,674	5.87%
Notes:	(1) Assessed value does not include \$2,071,740 assessment for merchants' inventory that is exempt from the total tax levy.							
	(2) Source of information - York County Treasurer							

**CITY OF ROCK HILL, SOUTH CAROLINA**

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**

**LAST TEN FISCAL YEARS (1)**

(Millage levied)

<u>Fiscal Year</u>	<u>City General Fund(2)</u>	<u>Rock Hill School District Number Three(2)</u>	<u>County Purpose(2)</u>	<u>Total</u>
1992	100.00	114.50	75.70	290.20
1993	100.00	118.00	76.50	294.50
1994	100.00	130.90	77.70	308.60
1995	100.00	137.30	80.10	317.40
1996	100.00	143.30	82.10	325.40
1997	104.00	145.70	91.10	340.80
1998	104.00	148.70	83.90	336.60
1999	104.00	152.70	86.60	343.30
2001	106.00	156.50	86.60	349.10
2002	98.00	150.50	83.50	332.00

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

(2) Millage is for years ended December 31.

**CITY OF ROCK HILL, SOUTH CAROLINA**

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE  
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA - LAST TEN FISCAL YEARS**

<u>Year Ended December 31,</u>	<u>Population(1)</u>	<u>Assessed Value(2)</u>	<u>Net General Bonded Debt(3)</u>	<u>Ratio Of Net Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1992	42,800	\$ 79,516,675	-	-	-
1993	43,004	82,260,567	\$ 6,400,000	7.78%	\$ 148.82
1994	44,002	83,645,036	6,200,000	7.41%	140.90
1995	44,620	87,582,645	5,975,000	6.82%	133.91
1996	45,897	99,190,669	5,750,000	5.80%	125.28
1997	46,834	102,551,223	6,850,000	6.68%	146.26
1998	47,790	106,387,115	6,555,000	6.16%	137.16
1999	48,765	108,873,286	6,260,000	5.75%	128.37
<u>Year Ended June 30,</u>					
2001	49,760	126,553,454	5,620,000	4.44%	112.94
2002	51,253	153,230,931	5,275,000	3.44%	102.92

- Notes:
- (1) Source of information - Census Bureau and City of Rock Hill Planning and Development Department.
  - (2) The assessed value includes manufacturer's inventory that is exempt from the total tax rate.
  - (3) Includes all long-term general obligations.

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>							
COMPUTATION OF LEGAL DEBT MARGIN							
June 30, 2002							
TOTAL ASSESSED VALUE – 2001 Assessed Value							\$ 153,230,931
DEBT LIMIT - 8 PERCENT OF TOTAL ASSESSED VALUE							12,258,474
TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT							(5,275,000)
LEGAL DEBT MARGIN							<u>\$ 6,983,474</u>
Note: The City is authorized by state statute to exceed the legal debt margin of 8%, if such additional debt is approved by citizens of the City. The total assessed value includes assessed value of merchants' inventory of \$2,071,740.							

**CITY OF ROCK HILL, SOUTH CAROLINA**

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

June 30, 2002

	<u>Net General Debt Outstanding</u>	<u>Percent Applicable to City</u>	<u>City's Share of Debt</u>
Direct Debt - City of Rock Hill	<u>\$ 5,275,000</u>	100.00%	<u>\$ 5,275,000</u>
Overlapping Debt - York County (1)	33,495,625	20.10%	6,733,798
Rock Hill School District Number Three (1)	<u>99,585,000</u>	48.33%	<u>48,130,628</u>
Total Overlapping Debt	<u>133,080,625</u>		<u>54,864,425</u>
Total Direct and Overlapping Debt	<u><u>\$ 138,355,625</u></u>		<u><u>\$ 60,139,425</u></u>

Note: (1) Overlapping Debt for York County and Rock Hill School District Number 3 is calculated for year ending June 30, 2002. Includes all long-term general obligation debt.

**CITY OF ROCK HILL, SOUTH CAROLINA**

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES - LAST TEN FISCAL YEARS**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures(1)</u>	<u>Ratio of Debt Service To Total General Expenditures</u>
1992	-	-	-	\$ 25,372,234	-
1993	-	\$212,272	\$212,272	27,693,003	0.77%
1994	\$200,000	349,297	549,297	28,097,267	1.95%
1995	225,000	337,588	562,588	28,616,444	1.97%
1996	225,000	320,379	545,379	29,680,488	1.84%
1997	250,000	307,213	557,213	30,364,323	1.84%
1998	295,000	343,811	638,811	28,861,707	2.21%
1999	295,000	357,071	652,071	30,402,116	2.14%
<u>Year Ended June 30,</u>					
2001	320,000	315,986	635,986	34,086,205	1.87%
2002	345,000	296,449	641,449	35,973,003	1.78%

Note: (1) Includes General and Special Revenue funds.

**CITY OF ROCK HILL, SOUTH CAROLINA**

REVENUE BOND COVERAGE - COMBINED UTILITY SYSTEM BONDS - LAST TEN FISCAL YEARS

Year Ended December 31,	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Times Coverage
				Principal	Interest (4)	Total	
1992	\$ 47,906,348	\$ 36,118,462	\$ 11,787,886	\$ 830,000	\$ 3,643,187	\$ 4,473,187	2.64
1993 (3)	51,107,784	37,984,247	13,123,537	1,235,583	3,257,906	4,493,489	2.92
1994	51,421,251	40,353,621	11,067,630	1,345,000	3,509,076	4,854,076	2.28
1995	54,530,286	43,902,187	10,628,099	1,475,000	3,696,977	5,171,977	2.05
1996	56,394,960	45,884,376	10,510,584	1,785,000	3,583,159	5,368,159	1.96
1997	57,911,533	47,748,875	10,162,658	1,860,000	3,498,412	5,358,412	1.90
1998 (3)	61,359,158	53,814,078	7,545,080	2,495,000	3,665,753	6,160,753	1.22
1999	62,749,190	55,020,461	7,728,729	2,450,000	3,645,811	6,095,811	1.27
Year Ended June 30,							
2001	67,948,547	58,595,757	9,350,790	3,004,400	4,213,673	7,218,073	1.30
2002	72,023,213	59,683,255	12,339,958	3,342,500	3,489,242	6,831,742	1.81

- Notes:
- (1) Total operating revenues (excluding stormwater revenues in 1996 and after).
  - (2) Total operating expenses (excluding stormwater expenses in 1996 and after).
  - (3) Refinancings in 1984, 1988, 1991, 1993 and 1998 affected total principal and interest debt service requirements.
  - (4) Reflects interest actually paid to bondholders and does not include interest capitalization.

**CITY OF ROCK HILL, SOUTH CAROLINA**

DEMOGRAPHIC STATISTICS - LAST TEN FISCAL YEARS

<u>Year Ended December 31,</u>	<u>Population(1)</u>	<u>County Per Capita Income(2)</u>	<u>Median Age(3)</u>	<u>Education Level In Years of Formal Schooling(3)</u>	<u>School Enrollment(4)</u>	<u>Unemployment % (5)</u>
1992	42,800	\$ 17,862			12,862	7.5%
1993	43,004	18,594			12,932	7.0%
1994	44,002	19,627			13,081	6.7%
1995	44,620	20,925			13,291	5.2%
1996	45,897	21,966			13,328	6.7%
1997	46,834	22,414			13,584	4.5%
1998	47,790	23,923			13,800	3.8%
1999	48,765	24,574			14,125	4.0%
<u>Year Ended June 30,</u>						
2001	49,760	(3)			14,515	4.4%
2002	51,253	(3)			15,300	6.9%

- Notes:
- (1) Source of information - Census Bureau and City of Rock Hill Planning and Development Department.
  - (2) Source of information - State Budget and Control Board, Division of Research & Statistical Science.
  - (3) Information not available.
  - (4) Source of information - Rock Hill School District 3 Administrative Office
  - (5) Source of information - South Carolina Employment Security Commission, Labor Market Information Division. ([www.sces.org](http://www.sces.org))

**CITY OF ROCK HILL, SOUTH CAROLINA**

**CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUES - LAST TEN FISCAL YEARS (1)**

Year Ended December 31,	Commercial Construction(2)		Residential Construction (2)		Bank Deposits (in Thousands)(3)
	Number of Units	Value	Number Of Units	Value	
1992	94	\$ 5,943,238	778	\$ 18,428,489	\$ 583,624
1993	162	22,072,835	730	19,134,757	646,644
1994	153	21,528,898	834	32,120,081	652,638
1995	177	22,071,057	782	28,550,242	692,037
1996	220	51,218,371	936	54,864,697	677,056
1997	219	46,232,408	1,033	36,266,774	670,605
1998	239	31,611,278	744	45,755,890	739,769
1999	113	31,693,089	718	60,943,506	803,205
Year Ended June 30,					
2001	56	52,512,815	723	99,155,913	893,382
2002	79	37,316,106	712	82,536,881	(4)

- Notes:
- (1) Excludes data for six month period ended June 30, 2000
  - (2) Source of information - City of Rock Hill Planning and Development Department.
  - (3) Source of information - State of South Carolina, Board of Financial Institutions, Examining Division, Office of Commissioner of Banking (information is as of June 30). Includes deposits for banks, savings & loans, and credit unions.
  - (4) Information not available.

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>				
PRINCIPAL TAXPAYERS				
YEAR ENDED JUNE 30, 2002				
				Percentage
				of Total
		Taxes	Assessed	Assessed
<b>Taxpayer</b>	<b>Type of Business</b>	<b>Paid</b>	<b>Valuation</b>	<b>Valuation</b>
Rock Hill Telephone	Telephone Communications	\$ 417,114	\$ 4,256,270	3.15%
Amisub of South Carolina, Inc.	Real Estate	213,756	2,181,186	1.61%
Rock Hill Zamias Ltd	Real Estate	155,626	1,588,020	1.17%
Atotech USA	Electroplating		1,412,705	1.04%
Piedmont Medical Center	Hospital	110,824	1,130,861	0.84%
CK Rock Hill, #2	Real Estate	97,150	991,250	0.73%
Clariant Life Science	Chemical Manufacturing	71,551	730,110	0.54%
Continental Properties	Real Estate	64,362	656,760	0.49%
Kings Mountain Capital	Real Estate	53,055	541,380	0.40%
Mallard Point LLC	Real Estate	52,470	535,410	0.40%
Illuminet	Telecommunications	49,980	510,000	0.38%
C T River 2 Ltd. Partnership	Real Estate	46,299	472,440	0.35%
Kings Electronics	Electronics Mfg.	45,585	465,150	0.34%
Crow Rock Hill Ltd. Ptnrshp.	Real Estate	44,657	455,688	0.34%
Balzers Tool Coating	Tool Coating	44,430	453,370	0.34%
Forest Oaks	Real Estate	42,627	434,970	0.32%
Lowe's Home Centers	Home Improvement Store	42,158	430,138	0.32%
Catawba Pointe Ltd.	Real Estate	38,860	396,534	0.29%
Rock Hill Apartments, LLC	Real Estate	38,411	391,950	0.29%
Southwood Realty Co.	Real Estate	37,589	383,562	0.28%
<b>TOTAL</b>		<b>\$ 1,666,504</b>	<b>\$ 18,417,754</b>	<b>13.61%</b>

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>				
<b>PRINCIPAL ELECTRIC CUSTOMERS</b>				
<b>YEAR ENDED JUNE 30, 2002</b>				
				Percentage
<b>Customer</b>	<b>Type of Business</b>	<b>Consumption (Kwh)</b>	<b>Amount Billed</b>	<b>of Total Billed</b>
City of Rock Hill	Municipal government	29,108,071	\$ 2,123,632	4.07%
Rock Hill School District	Primary / secondary education	21,975,875	1,833,836	3.52%
Piedmont Medical Center	Hospital	12,943,311	833,053	1.60%
Comporium	Telephone / cable TV	9,164,135	597,302	1.15%
Winn Dixie	Grocery stores	9,100,240	590,687	1.13%
Food Lion	Grocery stores	7,670,678	505,121	0.97%
Ad Team	Printing - manufacturer	8,687,200	439,549	0.84%
Bi Lo	Grocery stores	6,744,560	428,176	0.82%
Conco Medical	Medical supplies	7,344,520	408,294	0.78%
York Technical College	Technical education	5,031,560	391,431	0.75%
Wal Mart	Department store	5,336,365	349,824	0.67%
Westminster Presbyterian	Church / Retirement housing	4,406,208	320,474	0.61%
Hordis Brothers	Architectural glass	4,048,800	320,444	0.61%
Winthrop University	University	4,011,067	306,238	0.59%
Lexington Medical	Medical supplies	4,406,560	293,550	0.56%
Lowe's	Home improvement store	3,928,160	261,153	0.50%
Inland Container	Corrugated material manufacturer	3,796,800	257,805	0.49%
Williamette Industries	Business forms manufacturer	3,410,000	234,396	0.45%
CKC, Inc.	Industrial supplies manufacturer	3,322,560	231,607	0.44%
Atotech	Electroplating	4,622,000	229,761	0.44%
<b>TOTAL</b>		<b>159,058,670</b>	<b>\$ 10,956,333</b>	<b>21.01%</b>

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>				
PRINCIPAL WATER CUSTOMERS				
YEAR ENDED JUNE 30, 2002				
				Percentage
Customer	Type of Business	Consumption (Gallons)	Amount Billed	of Total Billed
Town of Fort Mill	Municipal government	787,535,540	\$ 819,131	10.51%
York County	County government	186,453,645	199,880	2.56%
Winthrop University	University	125,292,754	132,189	1.70%
Inchem	Chemical manufacturer	46,826,954	107,557	1.38%
City of Rock Hill	Municipal government	87,017,481	103,447	1.33%
Mallard Point	Residential property	25,845,061	74,301	0.95%
Bowater	Paper manufacturer	63,907,430	66,651	0.86%
Paces River Community	Apartments	20,163,096	65,768	0.84%
Rock Hill School District #3	Primary/secondary education	35,365,664	51,234	0.66%
Celanese Acetate	Acetate manufacturer	47,450,128	49,442	0.63%
Holox	Chemical manufacturer	18,367,738	42,054	0.54%
Stone Haven	Real Estate	7,920,288	33,073	0.42%
Piedmont Medical Center	Hospital	28,796,763	32,556	0.42%
River Pines Water System	Residential water system	14,060,448	32,250	0.41%
Gable Oaks Apartments	Apartments	8,011,095	32,043	0.41%
Rock Hill Housing Authority	Subsidized housing	8,764,166	30,951	0.40%
Stones Crossing	Real Estate	12,425,012	28,011	0.36%
Willow Glen II	Real Estate	3,847,788	27,205	0.35%
Hordis Brothers	Architectural glass	9,571,184	22,614	0.29%
Southeast Wood	Residential property	21,472,537	22,425	0.29%
<b>TOTAL</b>		<b>1,559,094,772</b>	<b>\$ 1,972,782</b>	<b>25.31%</b>

<b>CITY OF ROCK HILL, SOUTH CAROLINA</b>				
PRINCIPAL WASTEWATER CUSTOMERS				
YEAR ENDED JUNE 30, 2002				
Customer	Type of Business	Treatment (Gallons)	Amount Billed	Percentage of Total Billed
York County	County government	395,345,155	\$ 868,019	11.39%
Winthrop University	University	71,581,296	173,404	2.28%
Inchem	Chemical manufacturer	21,466,758	122,140	1.60%
Rock Hill School District #3	Primary/secondary schools	32,567,157	101,101	1.33%
Piedmont Medical Center	Hospital	27,862,807	68,155	0.89%
Bayer Corp.	Chemical manufacturer	9,510,822	58,319	0.77%
R.U.S. of Rock Hill	Uniform rental	17,225,277	55,529	0.73%
Mallard Point	Residential property	24,405,640	53,091	0.70%
Holox	Chemical manufacturer	7,699,500	47,451	0.62%
Paces River Community	Apartments	19,688,799	43,510	0.57%
Hordis Brothers	Architectural glass	9,571,187	40,635	0.53%
Boyd Management	Real estate	6,238,695	34,616	0.45%
Oldcastle Specialty Glass	Glass manufacturer	5,369,744	33,473	0.44%
Quala Systems	Manufacturer	5,160,884	32,219	0.42%
Catawba Pointe	Residential property	5,493,563	30,904	0.41%
York Printing and Finishing	Textile manufacturer	9,207,000	29,951	0.39%
Atotech	Electroplating	8,747,229	28,484	0.37%
City of Rock Hill	Municipal government	10,709,408	27,799	0.36%
Meco	Metal plating	8,363,160	27,259	0.36%
Stones Crossing		12,151,445	26,500	0.35%
<b>TOTAL</b>		<b>708,365,526</b>	<b>\$ 1,902,559</b>	<b>24.97%</b>

## CITY OF ROCK HILL, SOUTH CAROLINA

### MISCELLANEOUS STATISTICS JUNE 30, 2002

Date of Incorporation	1892
Form of Government	Council-Manager
Area (sq. miles)	32.0874
Miles of City Owned Streets	142.14
Number of Street Lights	5,314
Number of Traffic Signal Intersections	110
Fire Protection	
Number of Stations	4
Number of Firemen and Officers	70
Police Protection	
Number of Stations/Substations	4
Number of Sworn Policemen and Officers	108
Education (Elementary, Middle Schools, Senior High Schools)	
Attendance Centers	21
Number of Classrooms	950
Number of Teachers	972
Number of Students	15,300
Municipal Electric Department	
Number of Consumers	28,417
Number of Delivery Substations	5
Miles of Distribution Lines Overhead	356
Miles of Distribution Lines Underground	173
Number of Poles	16,112
Municipal Water Department	
Number of Consumers	24,418
Average Daily Consumption (Gallons)	12.77 MGD
Summer Peak Usage	21.9 MGD
Miles of Water Mains	464
Municipal Sewer Department	
Number of Consumers	24,093
Miles of Sanitary Sewers	355
Miles of Storm Sewers	Not available
Building Permits Issued	
Construction Costs	791 \$119,852,987
Recreation and Culture	
Number of Parks	29
Number of Libraries	1
Number of Full Time Employees	640

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## **CITY OF ROCK HILL, SOUTH CAROLINA**

### **FEDERAL AWARDS SECTION**

The Federal Awards Section is presented to comply with Office of Management and Budget Circular A-133 which establishes audit requirements for states, local governments and non-profit organizations expending Federal awards. It provides for independent audits of financial operations, including compliance with certain provisions of federal laws and regulations. These requirements are established to ensure that audits are made on an organization-wide basis, rather than on a grant-by-grant basis. The accompanying Schedule of Expenditures of Federal Awards is presented to reflect federal participation in various projects and programs, as adopted by the City Council.



CITY OF ROCK HILL, SOUTH CAROLINA

Notes to Schedule of Expenditures of Federal Awards

June 30, 2002

(1) Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards (the ASchedule@) presents the activity of all federal award programs for the year ended June 30, 2002 of the City of Rock Hill, South Carolina, (the @City@) and its discretely presented component unit, the Rock Hill Joint Venture for Affordable Housing Corporation.

(2) Basis of Accounting

The Schedule is presented on the modified accrual basis whereby expenditures represent amounts disbursed and liabilities incurred for goods and services received.

(3) Relationship to General Purpose Financial Statements

Federal award expenditures are reported in the general purpose financial statements as expenditures (in the General and Special Revenue funds for all federal programs).

(4) 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 revenues and expenditures received or made subsequent to the filing of the Federal financial reports.

(5) Matching Costs

Matching costs, i.e. the nonfederal share of certain program costs, are not included in the accompanying Schedule.

(6) Categorization of Expenditures

The categorization of expenditures by program included in the Schedule is based upon the Catalog of Federal Domestic Assistance (CFDA). Changes in the categorization of expenditures occur based upon revisions to the CFDA which are issued in June and December of each year. The Schedule for the year ended June 30, 2002 reflects CFDA changes issued through December 2001.