

CITY OF ROCK HILL, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2003

Prepared by:

FINANCE DEPARTMENT

David B. Vahaun
Finance Director

CITY OF ROCK HILL, SOUTH CAROLINA

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FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

TABLE OF CONTENTS

	<u>Page No.</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-5
Organization Chart	6
GFOA Certificate of Achievement	7
List of Elected and Appointed Officials	8
FINANCIAL SECTION	
Independent Auditors= Report	9-10
Management’s Discussion and Analysis	11-20
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	22
Statement of Activities	23
Fund Financial Statements	
Balance Sheet – Governmental Funds	24
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	27
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	28
Statement of Net Assets – Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Funds Net Assets – Proprietary Funds	30

Statement of Cash Flows - Proprietary Funds	31-32
Notes to Financial Statements	33-53
Other Supplemental Information	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	57
Enterprise Fund: Schedule of Revenues and Expenses - Budget (Modified Accrual Basis) and Actual	59-60
Capital Assets Used in the Operation of Governmental Funds	
Schedule by Source	62
Schedule by Function and Activity	63
Schedule of Changes by Function and Activity	64
Supplemental Schedule	
Schedule of Court Fines and Assessments	65
STATISTICAL SECTION	
General Governmental Revenues by Source - Last Ten Fiscal Years	67
General Governmental Expenditures by Function - Last Ten Fiscal Years	68
Property Tax Levies and Collections - Last Ten Fiscal Years	69
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	70
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	71
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita - Last Ten Fiscal Years	72
Computation of Legal Debt Margin	73
Computation of Direct and Overlapping Debt	74
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	75
Revenue Bond Coverage - Combined Utility System Bonds - Last Ten Fiscal Years	76

Demographic Statistics - Last Ten Fiscal Years	77
Construction, Bank Deposits and Property Values - Last Ten Fiscal Years	78
Principal Taxpayers	79
Principal Electric Customers	80
Principal Water Customers	81
Principal Wastewater Customers	82
Miscellaneous Statistics	83

January 30, 2004

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Rock Hill:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Rock Hill for the fiscal year ended June 30, 2003.

This report consists of management's representations concerning the finances of the City of Rock Hill. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Rock Hill has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Rock Hill's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Rock Hill's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City of Rock Hill's financial statements have been audited by Cline, Brandt, Kochenower & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rock Hill for the fiscal year ended June 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rock Hill's financial statements for the fiscal year ended June 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Rock Hill was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Rock Hill's separately issued Single Audit Report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Rock Hill's MD&A can be found immediately following the report of the independent auditors.

Profile of the 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 2003 population of the City is 53,940, 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. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's manager and attorney. The City's manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. The mayor is elected at large and council members are elected by ward and serve four-year staggered terms.

The City provides a full range of services, including: police and fire protection; the construction and maintenance of streets and other infrastructure; parks and leisure/cultural activities and events; sanitation services; water and sewer services; electric services; and storm water services.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager in the spring of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is, the level at which expenditures cannot legally exceed appropriated amount) is maintained by the City Manager at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 38 as part of the basic financial statements for the government funds. No other government funds have an annual budget adopted by City Council.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy. The City currently enjoys a favorable economic environment and local indicators point to continued stability. 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 five million people in a 100-mile radius. Over half of the United States population can be reached within a day's drive or a 90 minute flight. The Charlotte/Douglas International Airport, just 30 minutes from Rock Hill, averages 500 daily non-stop flights to 146 cities in Europe, the Caribbean, and North America. 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 value of building permits for all construction activity last year was \$127,661,474.

The City's continuing efforts to invest in itself have also been fruitful. Each of the City's four business parks continues to be a magnet for new jobs and diversified economic development. A recent article cited Rock Hill as the "Silicon Valley" of

South Carolina based upon the number of high-tech industries that have moved into the area.

Long-term financial Planning. The City began developing long-range financial plans in 1990. These plans were developed in order to provide the City a framework in which to operate on a multi-year basis. This multi-year approach eventually led to the development of a biannual budget in 2000/2001 and the shift in fiscal years from January 1 to July 1 in 2000. The current long-range plans of the City are 5 years in nature – with the first two years being balanced and the remaining 3 years showing projected gaps. Under this scenario planning, the City is able to plan for projected cuts and future revenue sources that can be used to close the gaps.

Based on this multi-year approach, the City has developed several important revenue sources over the last year. The Hospitality Fee, a local 2% fee levied on prepared foods and beverages, has been used to develop regional parks and offset certain general fund expenditures that were exclusively used to generate tourism in the City. In addition, this long range planning helped the City see that future gaps in revenues and expenses were primarily due to improvements to water, sewer and fire services in the City. This was directly responsible for the City developing an impact fee program that was approved as part of the budget process. This impact fee will be used to offset debt used to fund expansions to the water and sewer plant and to fund the construction of new fire facilities and equipment.

The City continues to lead in the area of long range financial planning. City staff are frequently called upon to speak on long-range planning issues at state, regional, and national conferences. This area continues to evolve as the City implements new software in the coming year, which is designed to aid in the long range financial planning area.

Local Hospitality Fee. In September, 2002, the City Council adopted a two percent hospitality fee to diversify its revenue sources in an effort to improve the quality of life for Rock Hill residents and visitors. The Hospitality Fee is a two percent fee imposed by the City on the purchase of prepared or modified foods and/or beverages prepared for immediate consumption. Applicable businesses began collecting and remitting the fee effective October 1, 2002. The money generated from the hospitality fee, estimated to generate approximately \$2.4 million annually, may be used for projects such as City beautification efforts, support for the arts and cultural community, downtown redevelopment, and other tourism-related projects in the city. The City's general fund currently funds tourism-related projects in addition to traditional operations. With the adoption of the two percent hospitality fee, an additional source of revenue is available for the City to fund the tourism-related projects. More general fund revenues are available to fund critical public safety and homeland security projects, as well as other general fund related projects.

Stormwater Management. A major focus in the stormwater area over the last year has been the completion of an application to the State of South Carolina that will leverage low cost loans to the City for the completion of four major stormwater projects in the City: Ebinport Road, Sumter Avenue, Little Dutchman, and Rabun Circle. These projects have been under development for several years and, when completed, will solve significant drainage issues in four areas of our community. Construction on each of these projects is expected to begin in August of 2004.

Stormwater projects in our area are prioritized on the basis of the following four criteria. The first category is considered the most critical and the fourth category is considered the least critical:

1. There is some major structural damage to a dwelling and/or a public facility or there is a sinkhole in the roadway or there is some level of roadway and dwelling flooding.
2. A sinkhole exists on private property or there is major channel erosion/scour and minor flooding and major pipe blockage.
3. Significant channel erosion/scour, major ditch blockage, or minor pipe blockage.
4. Minor channel erosion, ditch maintenance is required, or debris removal is needed.

The City's stormwater crew is responsible for the elimination of major stormwater problems in the City and operates under the direction of the City's Utilities Director.

Downtown Revitalization. The Downtown Master Plan, funded by the City, began in February 2001. The plan received input from hundreds of citizens – including a community input survey. The focus of the plan was the development of an analysis of historic resources, an evaluation of parking and traffic issues in the Downtown area, and

a list of Downtown uses.

The focus of this plan is the development of a Downtown area with a unique blend of residential, retail, restaurants, and office space. The Downtown area is quickly developing into an area that embodies the refocused concepts of smart-growth, neotraditional design, and new urbanism. This compact, efficient, and pedestrian friendly development pattern of the Downtown area positions this urban place at the forefront of leading-edge advances in technology, business and education.

Cash management policies and practices. Cash available for investing during the year was invested in repurchase agreements, certificates of deposit, obligations of the U.S. government and its agencies, and the State of South Carolina Local Government Investment Pool. The South Carolina Local Government Investment Pool is a pool of funds belonging to participating local governments which is managed by the State Treasurer in obligations of the United States and its agencies and repurchase agreements collateralized by securities of the U.S. Government or its agencies.

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 City earned interest revenue of \$686,084 on all investments for the year ended June 30, 2003.

Risk Management. Risk management activities are coordinated and managed by the City's Human Resources and Risk Management Department. Risk management efforts of the department are designed to minimize the loss of the City's human, physical, and financial resources through appropriate planning, training, case management, and the provision of adequate insurance coverage.

The City maintains its insurance for tort liability, property, automobile, fleet, boiler and machinery and crime with the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF). Workers' compensation coverage is maintained through the South Carolina Municipal Insurance Trust (SCMIT) fund. Both the SCMIRF and SCMIT funds are self-insured pool with other municipalities of South Carolina. These programs are sponsored by and coordinated through the Municipal Association of South Carolina. The City carries a \$50,000 deductible under the SCMIRF plan and a \$15,000 deductible under the SCMIT plan. Claims below these thresholds are managed by the City.

To protect employees against the escalating cost of medical care and to promote healthy and sustaining lifestyles, all full-time regular employees receive group health, dental, basic long-term disability and life insurance. The City has contracted with the State of South Carolina, who contracts with Blue Cross Blue Shield of South Carolina for group coverage under the State Health Plan. In an effort to control costs, Blue Cross has negotiated reduced rates with physicians, hospitals, as well as other health care facilities through its preferred Personal Care Providers program. Additionally, this insurance plan has incorporated case management; prep-admission review; emergency admission review; continued stay review; and procedural pre-authorization review as a means of monitoring claims activity.

Pension and other post employment benefits. 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 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.

The City also provides postretirement health and dental care benefits for retirees and their dependents that meet certain service requirements. As of the end of the current fiscal year, there were 149 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. Generally Accepted Accounting Principles do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide

these benefits.

Additional information on the City's pension arrangements and post employment benefits can be found in the Note V. C. in the financial statements.

Awards and Acknowledgements

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 (CAFR) for the year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twelfth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2003. This was the eleventh consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. The City has also been awarded the Certification of Excellence Award from the Municipal Treasurers Association for its investment policy.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the City Manager's Office and Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Rock Hill.

Respectfully submitted,

Carey F. Smith, City Manager

David B. Vebaun, Finance Director

Organization Chart

Award

**City of Rock Hill
List of Elected and Appointed Officials
June 30, 2003**

Elected Officials

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

Appointed Officials

Carey F. Smith, City Manager
Gerald E. Schapiro, Assistant City Manager
Steven Turner, Economic Development Director
David B. Vahaun, Finance Director
Mike Blackmon, Fire Chief
Phyllis R. Fauntleroy, Human Resources Director
Edward A. Thompson, Parks, Recreation and Tourism Director
Frances M. Thomas, Planning Director
John H. Gregory III, Police Chief
James P. Villano, Public Works Director
Nick W. Stegall, Utilities Director

Auditor's opinion

Auditor's opinion page 2

CITY OF ROCK HILL, SOUTH CAROLINA

Management's Discussion and Analysis

As management of the City of Rock Hill, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 5 of this report.

Financial Highlights

The following information highlights the most significant changes to the City's financial position over the last year. Though not intended to be all-inclusive, this information provides a snapshot of the most important changes in the City's financial position over the last year:

- The assets of the City of Rock Hill exceeded its liabilities at the close of the most recent fiscal year by \$173,823,025 (*net assets*). Of this amount, \$6,905,649 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$14,008,880.
- As of the close of the current fiscal year, the City of Rock Hill's governmental funds reported combined ending fund balance of \$5,698,254, an increase of \$1,830,615 in comparison with the prior year. Approximately 10 percent of this total amount, \$542,627 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$542,627, or 1.46 percent of the total fund expenditures.
- The City of Rock Hill had \$135.6 million in bonds outstanding versus \$90.6 million last year, an increase of 50 percent. New debt was issued to provide the following:
 - Funds to refund the outstanding Series 1991 and 1993 Combined Utility System Revenue Bonds, saving the City approximately \$1.0 million in principal and interest over the next 15 years;
 - Finance a portion of the cost of certain improvements, enlargements and extensions to the City's combined utility system

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Rock Hill's finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Rock Hill's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in the net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental

activities of the City of Rock Hill include general government, public safety, economic development, and parks and recreation. The business-type activities of the City of Rock Hill include electric, water, sewer and storm water.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Rock Hill Joint Venture for Affordable Housing Corporation, which is fiscally dependent on the City and for which the City of Rock Hill is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 22 - 23 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rock Hill, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Rock Hill can be divided into these categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other eleven governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 24 - 27 of this report.

Proprietary funds. The City of Rock Hill maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide statements. The City of Rock Hill uses enterprise funds to account for its electric, water, sewer and storm water operations.

Proprietary funds provide the same types of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, sewer, and storm water operations, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 29 - 32 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Rock Hill has no operations that meet the definition of this fund type.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 53 of this report.

Other supplemental information. In addition to the basic financial statements and accompanying notes, the report also presents certain *required supplementary information* in this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the basic financial statements as other supplemental information. Combining and individual fund statements and schedules can be found on pages 56 -57 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rock Hill, assets exceeded liabilities by \$173,823,025 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (91 percent) reflects its investment in capital assets (e.g. land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Rock Hill's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net assets, \$6,905,649, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Rock Hill is able to report positive balances in two categories of net assets, both for the government as a whole as well as its separate business-type activities. The same situation held true for the prior fiscal year. The balance of governmental activities unrestricted net assets is negative primarily because of the change requiring it to accrue for unused employee vacation and sick days in accordance with GAAP.

There was an increase of \$937,989 in restricted net assets reported in connection with the City's business-type activities. This number represents debt payments held by the trustee and bond proceeds legally restricted for capital projects.

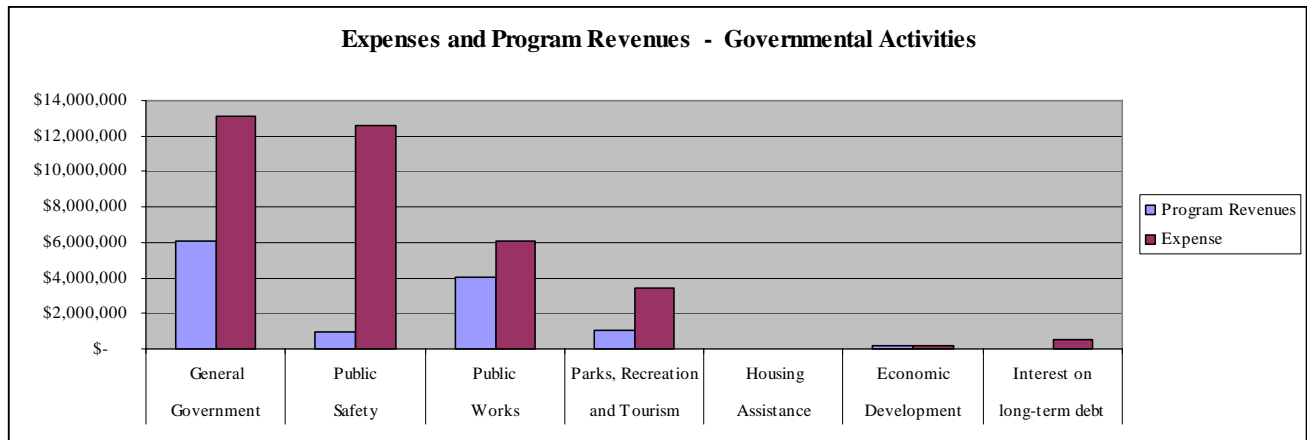
Most of the additional increase in the City's net assets is due to contributions of capital assets received from developers and operating income from the electric, water and sewer systems.

City of Rock Hill's Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 10,659,851	\$ 8,772,562	\$ 78,538,657	\$ 35,279,712	\$ 89,198,508	\$ 44,052,274
Capital assets	54,295,703	54,130,203	186,050,833	167,409,499	240,346,536	221,539,702
Total assets	64,955,554	62,902,765	264,589,490	202,689,211	329,545,044	265,591,976
Long-term liabilities outstanding	7,900,000	10,275,000	127,745,000	80,285,000	135,645,000	90,560,000
Other liabilities	7,483,866	7,137,506	12,593,153	12,389,670	20,077,019	19,527,176
Total liabilities	15,383,866	17,412,506	140,338,153	92,674,670	155,722,019	110,087,176
Net assets:						
Invested in capital assets, net of related debt	46,395,703	43,855,203	111,135,443	87,124,499	157,531,146	130,979,702
Restricted	5,155,627	3,525,012	4,230,603	3,292,614	9,386,230	6,817,626
Unrestricted	(1,979,642)	(1,889,956)	8,885,291	19,597,428	6,905,649	17,707,472
Total net assets	\$ 49,571,688	\$ 45,490,259	\$ 124,251,337	\$ 110,014,541	\$ 173,823,025	\$ 155,504,800

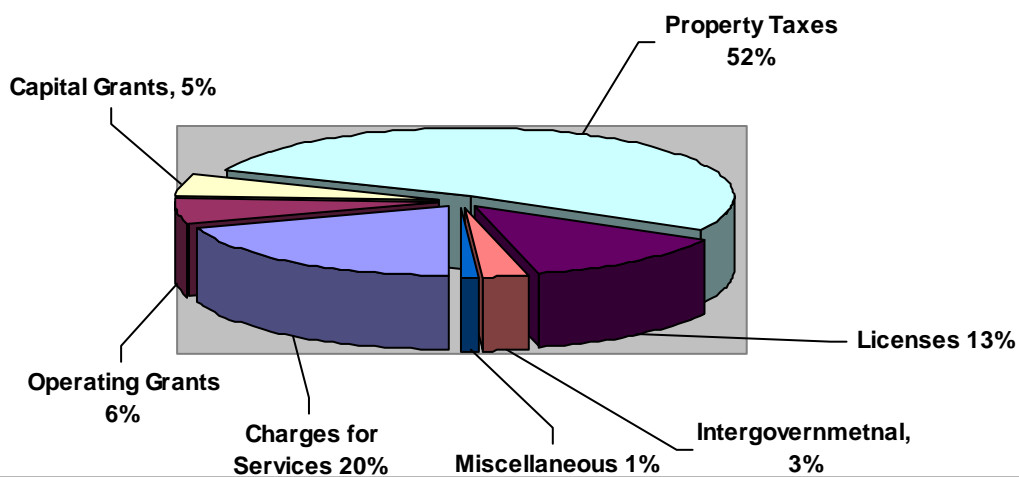
Governmental activities. Governmental activities increased the City of Rock Hill's net assets by \$4,081,429, thereby accounting for 30% of the total growth in the net assets of the City. Key elements of this increase are as follows:

- The newly-adopted 2% prepared food and beverage tax had revenues in excess of expenditures of over \$900,000.
- The amount of incremental tax revenue in excess of expenditures in the Red River Tax Increment Funding (TIF) district was approximately \$1,350,000.
- The City received a favorable settlement on a lawsuit for which it had accrued an estimated liability of \$416,000 in a previous year.

City of Rock Hill's Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program Revenues:						
Charges for services	\$ 8,048,570	\$ 6,507,415	\$ 76,613,584	\$ 73,042,617	\$ 84,662,154	\$ 79,550,032
Operating grants and contribution	2,276,641	2,387,526	-	-	2,276,641	2,387,526
Capital grants and contributions	1,978,886	1,555,223	3,588,758	4,085,259	5,567,644	5,640,482
General Revenues:					-	-
Property Taxes	20,257,768	16,862,713	-	-	20,257,768	16,862,713
Licenses	4,979,329	6,020,320	-	-	4,979,329	6,020,320
Investment Income	29,689	58,906	365,545	328,905	395,234	387,811
Unrestricted intergovernmental revenue	1,296,354	1,708,406	-	-	1,296,354	1,708,406
Miscellaneous	205,536	684,685	-	-	205,536	684,685
Loss on disposal of capital assets	(1,936)	-	(651)	(215,303)	(2,587)	(215,303)
Total Revenues	39,070,837	35,785,194	80,567,236	77,241,478	119,638,073	113,026,672
Expenses						
General Government	13,121,884	12,370,784	-	-	13,121,884	12,370,784
Public Safety	12,575,383	11,171,810	-	-	12,575,383	11,171,810
Public Works	6,075,669	5,487,696	-	-	6,075,669	5,487,696
Parks, Recreation & Tourism	3,433,572	3,564,877	-	-	3,433,572	3,564,877
Housing Assistance	2,606	-	-	-	2,606	-
Economic Development Assistance	153,409	-	-	-	153,409	-
Interest on Long-term Debt	571,410	686,941	-	-	571,410	686,941
Electric	-	-	53,199,915	48,511,975	53,199,915	48,511,975
Water	-	-	6,423,235	5,581,071	6,423,235	5,581,071
Sewer	-	-	9,155,608	8,494,059	9,155,608	8,494,059
Stormwater	-	-	916,502	1,190,587	916,502	1,190,587
Total Expenses	35,933,933	33,282,108	69,695,260	63,777,692	105,629,193	97,059,800
Increase in net assets before transfers	3,136,904	2,503,086	10,871,976	13,463,786	14,008,880	15,966,872
Transfers	944,525	2,354,930	(944,525)	(2,354,930)		
Increase in net assets	4,081,429	4,858,016	9,927,451	11,108,856	14,008,880	15,966,872
Net assets -- 06/30/02	45,490,259	40,632,243	114,323,886	96,550,755	159,814,145	143,847,273
Net assets -- 06/30/03	\$ 49,571,688	\$ 45,490,259	\$ 124,251,337	\$ 110,014,541	\$ 173,823,025	\$ 159,814,145



Revenues by Source - Governmental Activities

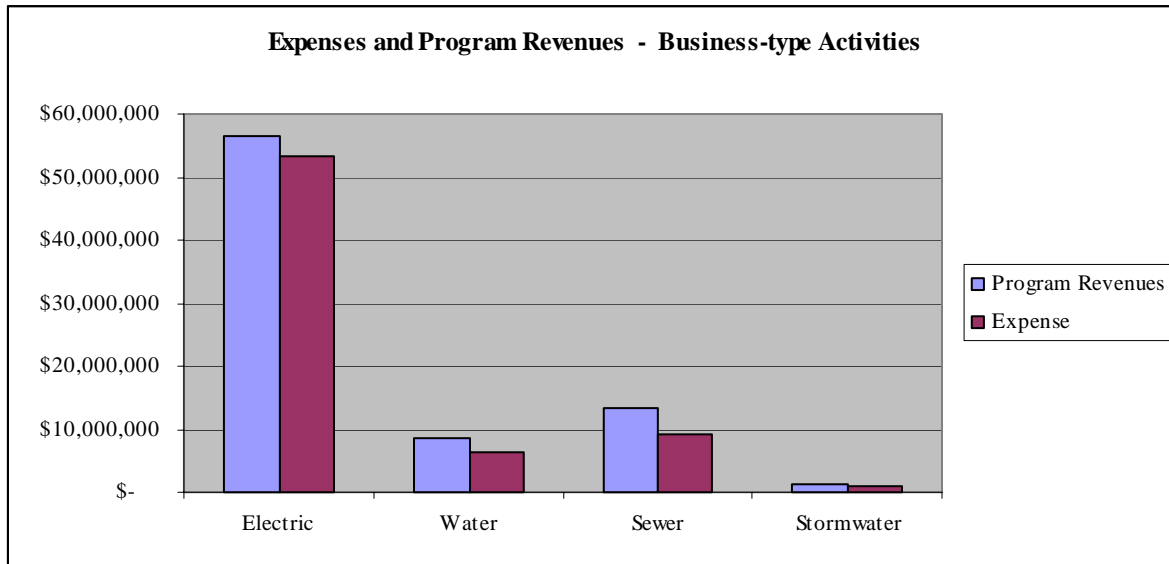


Business-type activities. Business-type activities increased the City of Rock Hill’s net assets by \$9,927,451, accounting for 70% of the total growth in the government’s net assets. Substantially all of the increase was in capital assets and net assets restricted for debt service. Key elements of the total increase are as follows:

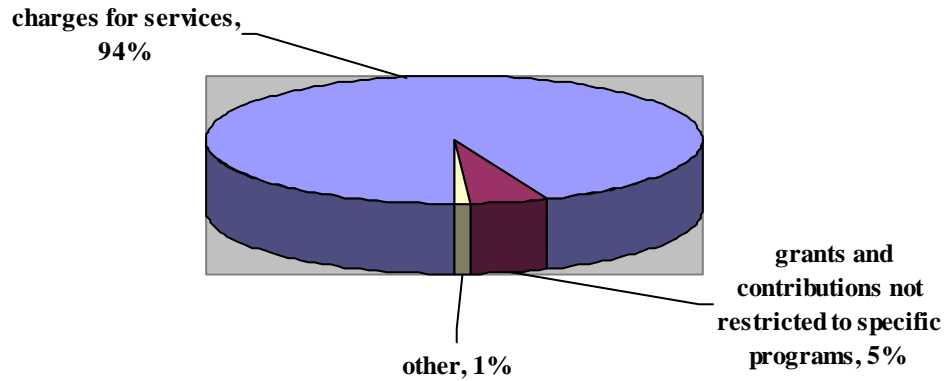
- A 2% electric rate increase was included in the budget to offset the expected PMPA wholesale power rate increase of 2.5%. This rate increase will also help fund the \$15.5 million in projects associated with the 2003 utility bond issue that was approved by Council in January. This should increase the average residential bill by only \$1.69 per month.
- An 8% water rate increase is being used to offset the increased debt service that is associated with the 2003 utility bond issue. This bond issue will fund approximately \$18.7 million in water improvements – mainly at the Water Filter plant. Additionally, impact fees (effective in the next fiscal year) will help offset this increased debt service and reduce the total rate increase that would have been needed as a result of the bond issue. This should increase the average residential bill by only \$1.25 per month.
- An 8% sewer rate increase is being used to offset the increased debt service that is associated with the 2003 utility bond issue. This bond issue will fund approximately \$17.9 million in sewer projects. Again, the new impact fees will help offset this increased debt service and reduce the total rate increase that would have

been needed as a result of the bond issue. This rate increase will also help position future sewer budgets to handle the next utility bond issue (projected in three years). This should increase the average residential bill by only \$2.18 per month.

- Investment earnings increased by \$36,640 for business-type activities because of a slight increase in the size of the investment portfolio.



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Rock Hill's

financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,698,254, an increase of \$1,830,615 in comparison with the prior year. Approximately 10 percent of this total amount, \$542,627 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service, \$131,842; 2) to pay for accommodation tax projects, \$1,532,777; 3) to pay for capital projects, \$2,443,361; to pay for perpetual care, \$112,249; and 4) for a variety of other restricted purposes, \$935,398.

The general fund is the chief operating fund of the City of Rock Hill. At the end of the current fiscal year, unreserved fund balance of the general fund was \$542,627, while total fund balance reached \$5,367,052. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and total fund balance to total fund expenditures. Unreserved fund balance represents 1 percent of total general fund expenditures, while total fund balance represents 14 percent of that same amount.

The fund balance of the City's general fund increased by \$2,166,878 during the current fiscal year. Key factors in this growth are as follows:

- The surplus of incremental tax revenue over capital expenditures in the Red River TIF district were nearly \$1,350,000
- Revenue from the newly-adopted 2% food and beverage tax exceeded related expenditures by nearly \$900,000.

Proprietary funds. The City of Rock Hill's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the electric, water, sewer and storm water operations at the end of the year amounted to \$8,885,291. The total growth in the net assets was \$9,927,451. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Rock Hill's business-type activities.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget for the fiscal year ending June 30, 2003.

For the year, tax revenues and business license revenues exceeded budget. This was offset by the cost of general government expenditures of funds that were reserved from prior years, expenditures of the 2% food and beverage funds and general and administrative cost transfers to the combined utility system that were less than budget. The City also held down capital spending, which resulted in a transfer in from the combined utility system fund of nearly a million dollars less than budget.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2003, amounts to \$157,531,146 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 13.5 percent (a 5.8 percent increase for governmental activities and a 17.1 percent increase for business-type activities). These numbers do reflect the addition of infrastructure for the year ended June 30, 2003, in accordance with GASB 34.

Major capital asset events during the current year include the following:

- Springdale Electric Substation, paid for with funds from (\$2.15 million).
- Hwy 161 Relocation, paid for with funds from (\$1.67 million).
- Manchester Screw Pumps, paid for with funds from (\$652,000).
- Fire Station #1 Ladder Truck, paid for with funds from (\$594,000).
- Rawlinson Road Sewer Ext, paid for with funds from (\$538,000).

City of Rock Hill's Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 17,374,324	\$ 16,752,261	\$ 808,264	\$ 739,242	\$ 18,182,588	\$ 17,491,503
Building and improvements	12,576,267	13,064,983			12,576,267	13,064,983
Equipment/plant in service	5,728,893	5,005,961	168,594,506	156,660,964	174,323,399	161,666,925
Infrastructure	16,552,424	16,406,247			16,552,424	16,406,247
Construction in Progress	2,063,795	2,900,750	16,648,063	14,318,634	18,711,858	17,219,384
Total	\$ 54,295,703	\$ 54,130,202	\$ 186,050,833	\$ 171,718,840	\$ 240,346,536	\$ 225,849,042

Additional information on the City's capital assets can be found in note IV.C of this report.

Long-term debt. At the end of the current fiscal year, the City of Rock Hill had total bonded debt outstanding of \$135,645,000. Of this amount \$4,900,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds and tax increment bonds).

City of Rock Hill's Long-Term Debt						
Bonds Payable	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
	Tax increment bonds	\$ 3,000,000	\$ 5,000,000			\$ 3,000,000
General obligation bonds	4,900,000	5,275,000			4,900,000	5,275,000
Utility revenue bonds			\$ 127,745,000	\$ 80,285,000	127,745,000	80,285,000
Total	\$ 7,900,000	\$ 10,275,000	\$ 127,745,000	\$ 80,285,000	\$ 135,645,000	\$ 90,560,000

The City's total debt increased by \$45,085,000 (50 percent) during the current fiscal year. The key factor in this increase was a \$75,260,000 revenue bond issuance for the electric, water and sewer operations. A portion of this issue refinanced the outstanding revenue bonds from Series 1991 and 1993. By refinancing the debt, the City will save \$1.3 million in principal and interest over the next 15 years.

The City of Rock Hill maintains an "AAA" rating from Standards & Poor's and Fitch and an "Aaa" rating from Moody's on all its debt by way of debt service insurance.

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City is \$12,804,754, which is significantly in excess of the City of Rock Hill's outstanding general obligation debt.

Additional information on the City of Rock Hill's long-term debt can be found in note IV.F. beginning on page 46 of this report.

Economic Factors and Next Year's Budgets and Rates

Although the local economy has not experienced the full impact of the recent national recession, the City has certainly felt the impact in less dramatic ways. Fewer travelers to the state and community meant less accommodations and hospitality fee revenues. Still, the City was able to develop a budget for 2003/04 that included

minimal tax and rate increases for our citizens and customers:

- Employment figures for Rock Hill show that this area is one of the fastest growing cities of the Charlotte Metropolitan Area (MSA). Unemployment in Rock Hill is typically slightly higher than in York County and the State of South Carolina – but generally falls below the national rate. Certain areas of the City have a higher concentration of unemployment rates - particularly the older downtown core.
- The City has higher income figures compared to other cities in the state. As Rock Hill continues to attract new business into its professional office parks, wages can be expected to rise. Rock Hill has a median household income of \$26,615 and a median family income of \$31,404. Rock Hill is not only the premier “Ring City” in the Charlotte Metropolitan Area (MSA), but is the heart of the Catawba Region, a four county area consisting of York, Chester, Lancaster, and Union Counties. In this region, Rock Hill continues to have the highest income levels of cities in the four counties and exceeds state averages.
- Rock Hill has seen a significant increase in the number of people employed in the executive, administrative, managerial and professional occupations when compared to the nation. The City is also in line with the state in people employed as technicians, technical support, sales and administrative support. The percentage of people employed in technical, sales and related support occupations is higher than the state and close to national figures. The percentage of people occupied in service sector jobs increased while people employed in the category of precision production, operators, transporters, handlers and laborers decreased. Rock Hill has also shown significant increases in the number of professional and technical occupations.
- Revenue estimates contained in the City’s 2003/04 operating and capital budgets were developed on a conservative basis in response to the continued economic environment. For instance, the City budgeted only \$1.8 million in revenues for the Accommodations Fee and Hospitality Fee due to the fact that it was our first full year under the fee. This number is will probably be at least \$700,000 higher than the budgeted amount and will be used to fund construction of Manchester Meadows Park – thereby saving on future borrowing costs.
- A 10% rate increase in the residential sanitation area is included to help meet the cost to serve. The City expects to minimize future rate increases in this area by making certain changes in collection procedures. At this time, staff believes that the City can meet the cost to serve in sanitation with 10% rate increases in each of the next three years. After that, the City should be able to minimize future rate increases by simply indexing the annual rates according to the Consumer Price Index (assuming no further increase in County landfill fees). This should increase the average residential bill by only \$1.36 per month.
- A major emphasis in this budget involves the allocation of resources to fund expenditures related to Hometown Security. \$100,000 is included to complete a study of the City’s readiness related to Hometown Security. In addition, new cameras are being installed at important sites around the City to ensure the safety of the community’s public resources. Security issues are especially important for the City since we are responsible for the provision of electric, water and wastewater services for our citizens. The public can be assured that we are taking every step reasonably possible to ensure the safety of our citizens.

All of these factors were considered in preparing the City’s general fund budget for the 2003/2004 fiscal year. Amounts available for appropriation in the general fund are \$36.8 million – an increase of 8.9 percent over the final fiscal year 2002/03 budget of \$33.8 million. Charges for services (boosted by the 2003/04 rate increase in residential sanitation) and property tax revenue (benefiting from development and growth in the area) are expected to lead this increase. The City will use these increases in revenues to finance programs we currently offer and the expected impact of inflation on program costs.

Budgeted expenditures are projected to rise nearly 6.75 percent to \$42.7 million - an increase of \$2.7 million from 2002/03. Increased wage and cost-of-living adjustments of roughly \$2.4 million constitute the largest increments. One issue driving these costs is the implementation of a revised Classification and Compensation system that has reset pay ranges to a competitive level in our region. A budgeted transfer of approximately \$5.9 million from the utility system is used to offset the difference in budgeted general fund revenues and expenses

If these estimates are realized, the City’s budgetary General Fund balance will remain stable by the close of the 2003/04 year. The City has begun budgeting an annual contribution to the unreserved fund balance of \$200,000 per year – and this allocation is included in the budgeted projections. More importantly, however, is that this will have been accomplished without selling capital assets or restructuring long-term debt to alleviate cash flow pressures.

As for the City's business-type activities, we expect that future results will also improve based on these recent rate decisions. It is widely accepted that the City's key business service areas must cover their costs. As the City has moved toward this "cost to serve" concept there have been small, incremental increases in some rates and fees. Over the last 10 years, the City has worked tirelessly to ensure that none of these fees outpaced the Consumer Price Index. City staff performs regular studies to compare Rock Hill's rates with 27 other cities to make certain that the City remains competitive. The budget serves as an ongoing work plan to reach cost to serve levels in key utility businesses. It makes good business sense for these services to set fees that sufficiently recover costs associated with the service. The City continues to move toward cost to serve in all these service areas while keeping rates competitive. In the most recent year, the following rate increases were implemented:

- A 2% electric rate increase was included in the budget to offset the expected PMPA wholesale power rate increase of 2.5% and fund \$15.5 million in projects associated with the 2003 utility bond issue.
- An 8% water rate increase is being used to offset the increased debt service that is associated with the 2003 utility bond issue. This bond issue will fund approximately \$18.7 million in water improvements – mainly at the Water Filter plant.
- An 8% sewer rate increase is being used to offset the increased debt service that is associated with the 2003 utility bond issue. This bond issue will fund approximately \$17.9 million in sewer projects.

Requests for Information

This financial report is designed to provide a general overview of the City of Rock Hill's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Rock Hill, P.O. Box 11706, Rock Hill South Carolina, 29731.

BASIC FINANCIAL STATEMENTS

CITY OF ROCK HILL, SOUTH CAROLINA									
STATEMENT OF NET ASSETS									
JUNE 30, 2003									
					Primary Government			Component	
					Governmental	Business-type			Unit
ASSETS					Activities	Activities	Total		RHJVAHC
Cash and cash equivalents					\$ 4,774,030	\$ 3,764,368	\$ 8,538,398		\$ 604,364
Investments					49,464		49,464		
Receivables (net of allowances for uncollectible accounts):									
Taxes and assessments					973,804		973,804		
Intergovernmental					870,164		870,164		
Rehabilitation loans					658,872		658,872		
Affordable Housing mortgages									449,342
Utility accounts						9,683,504	9,683,504		
Direct financing lease						2,230,271	2,230,271		
Other					203,592	70,329	273,921		
Due from primary government									3,453
Inventories					227,110	1,828,033	2,055,143		
Restricted assets:									
Cash and cash equivalents					2,902,815	58,064,227	60,967,042		
Deferred charges						2,897,925	2,897,925		
Capital assets (net of accumulated depreciation)									
Land					17,374,324	808,264	18,182,588		85,059
Buildings and furniture					12,576,267		12,576,267		
Machinery, equipment and plant in service					5,728,893	168,594,506	174,323,399		
Infrastructure					16,552,424		16,552,424		
Construction in progress					2,063,795	16,648,063	18,711,858		
Total assets					64,955,554	264,589,490	329,545,044		1,142,218
LIABILITIES									
Accounts payable and accrued liabilities					3,570,560	6,195,426	9,765,986		98,665
Due to component unit					3,453		3,453		
Utility deposits						1,886,761	1,886,761		
Accrued interest payable					167,793	2,472,211	2,640,004		
Contract retainage payable					26,640	285,366	312,006		
Deferred revenues					626,672	535,076	1,161,748		449,342
Reimbursements payable to developers					264,251	881,827	1,146,078		
Liability for accumulated leave					2,564,149	336,486	2,900,635		
Capital lease obligation					260,348		260,348		
Noncurrent liabilities:									
Due within one year					1,010,000	3,615,000	4,625,000		
Due in more than one year					6,890,000	124,130,000	131,020,000		
Total liabilities					15,383,866	140,338,153	155,722,019		548,007
NET ASSETS									
Invested in capital assets, net of related debt					46,395,703	111,135,443	157,531,146		85,059
Restricted for:									
Debt service					131,842	4,230,603	4,362,445		
Accommodations tax projects					1,532,777		1,532,777		
Capital projects					2,443,361		2,443,361		
Perpetual care					112,249		112,249		
Other purposes					935,398		935,398		
Unrestricted					(1,979,642)	8,885,291	6,905,649		509,152
Total net assets					\$ 49,571,688	\$ 124,251,337	\$ 173,823,025		\$ 594,211

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK HILL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Rock Hill Joint Venture Corp.
	Expenses	Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 13,121,884	\$ 3,298,168	\$ 1,065,308	\$ 1,744,619	\$ (7,013,789)		\$ (7,013,789)	
Public safety	12,575,383	154,075	591,632	231,663	(11,598,013)		(11,598,013)	
Public works	6,075,669	4,032,362			(2,043,307)		(2,043,307)	
Parks, recreation and tourism	3,433,572	563,965	463,686	2,604	(2,403,317)		(2,403,317)	
Housing assistance	2,606		2,606		-		-	
Economic development assistance	153,409		153,409					
Interest on long-term debt	571,410				(571,410)		(571,410)	
Total governmental activities	35,933,933	8,048,570	2,276,641	1,978,886	(23,629,836)		(23,629,836)	
Business-type activities:								
Electric	53,199,915	57,043,438				\$ 3,843,523	3,843,523	
Water	6,423,235	7,884,109		698,217		2,159,091	2,159,091	
Sewer	9,155,608	10,683,109		2,693,549		4,221,050	4,221,050	
Stormwater	916,502	1,002,928		196,992		283,418	283,418	
Total business-type activities	69,695,260	76,613,584		3,588,758		10,507,082	10,507,082	
Total primary government					(23,629,836)	10,507,082	(13,122,754)	
Component unit:								
R.H. Joint Venture for Affordable								
Housing Corporation	497,173		496,641					\$ (532)
General revenues								
Property taxes					20,257,768		20,257,768	
Licenses					4,979,329		4,979,329	
Investment income					29,689	365,545	395,234	
Unrestricted intergovernmental revenue					1,296,354		1,296,354	
Miscellaneous					205,536		205,536	
Loss on disposal of capital assets					(1,936)	(651)	(2,587)	
Transfers					944,525	(944,525)	-	
Total general revenues and transfers					27,711,265	(579,631)	27,131,634	
Change in net assets					4,081,429	9,927,451	14,008,880	(532)
Net assets - beginning of year					45,490,259	114,323,886	159,814,145	594,743
Net assets - end of year					\$ 49,571,688	\$ 124,251,337	\$ 173,823,025	\$ 594,211

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK HILL, SOUTH CAROLINA			
BALANCE SHEET - GOVERNMENTAL FUNDS			
JUNE 30, 2003			
		Other	Total
		Governmental	Governmental
		Funds	Funds
	General		
ASSETS			
Cash and cash equivalents	\$4,287,637	\$486,393	\$4,774,030
Investments	10,593	38,871	49,464
Receivables (net of allowances for uncollectible accounts):			
Taxes and assessments	575,850		575,850
Intergovernmental		870,164	870,164
Rehabilitation loans		658,872	658,872
Other	203,592		203,592
Due from other funds	618,002		618,002
Inventories	227,110		227,110
Restricted assets:			
Cash and cash equivalents	3,130,315		3,130,315
TOTAL ASSETS AND OTHER DEBITS	\$9,053,099	\$2,054,300	\$11,107,399
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$3,213,910	\$356,650	\$3,570,560
Due to other funds		618,002	618,002
Due to component unit	3,453		3,453
Accrued interest payable	167,793		167,793
Contract retainage payable	26,640		26,640
Deferred revenues	10,000	748,446	758,446
Reimbursements payable to developers	264,251		264,251
TOTAL LIABILITIES	3,686,047	1,723,098	5,409,145
FUND BALANCES			
Reserved for:			
Debt service	131,842		131,842
Tax sales	62,784		62,784
Accommodations tax	1,532,777		1,532,777
Community development projects		217,502	217,502
Drug enforcement	205,254		205,254
Beautification projects		112,249	112,249
Recreation programs	202,346		202,346
Victim assistance	165,014		165,014
Capital projects	2,441,910	1,451	2,443,361
Encumbrances	82,498		82,498
Unreserved:			
Undesignated	542,627		542,627
TOTAL FUND BALANCES	5,367,052	331,202	5,698,254
TOTAL LIABILITIES AND FUND BALANCES	\$9,053,099	\$2,054,300	\$11,107,399
The notes to the financial statements are an integral part of this statement.			

CITY OF ROCK HILL, SOUTH CAROLINA			
STATEMENT OF REVENUES, EXPENDITURES CHANGES IN FUND BALANCES			
GOVERNMENTAL FUNDS			
FOR THE YEAR ENDED JUNE 30, 2003			
		Other	Total
	General	Governmental	Governmental
		Funds	Funds
REVENUES			
Property taxes	\$19,860,108		\$19,860,108
Licenses and permits	6,125,744		6,125,744
Fines and forfeitures	791,738		791,738
Intergovernmental	1,766,682	\$1,852,228	3,618,910
Charges for services	6,559,516		6,559,516
Investment earnings	35,005	7,137	42,142
Program income		51,157	51,157
Property sales	153,409		153,409
Other	843,193	200,000	1,043,193
Total revenues	36,135,395	2,110,522	38,245,917
EXPENDITURES			
Current:			
General government	11,665,073	794,414	12,459,487
Public safety	11,405,225	591,632	11,996,857
Public works	5,037,917		5,037,917
Parks, recreation and tourism	3,243,547		3,243,547
Housing assistance		2,606	2,606
Economic development assistance	153,409		153,409
Capital outlay	2,936,148	1,063,965	4,000,113
Debt service:			
Principal	2,147,500		2,147,500
Interest and fees	562,519		562,519
Capital lease payments	123,645		123,645
Total expenditures	37,274,983	2,452,617	39,727,600
REVENUES OVER (UNDER) EXPENDITURES	(1,139,588)	(342,095)	(1,481,683)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	3,459,982	8,516	3,468,498
Operating transfers out	(273,516)	(2,684)	(276,200)
Proceeds from capital lease	120,000		120,000
Total other financing sources (uses)	3,306,466	5,832	3,312,298
NET CHANGE IN FUND BALANCE	2,166,878	(336,263)	1,830,615
FUND BALANCE, BEGINNING OF YEAR	3,200,174	667,465	3,867,639
FUND BALANCE, END OF YEAR	\$5,367,052	\$331,202	\$5,698,254
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, 2003				
				Variance with
			Original	Final Budget
			and Final	Positive
			Budget	(Negative)
REVENUES:				
Property taxes		\$18,725,286	\$19,860,108	\$1,134,822
Licenses and permits		5,626,928	6,125,744	498,816
Fines and forfeitures		606,000	791,738	185,738
Intergovernmental		1,718,849	1,766,682	47,833
Charges for services		6,817,974	6,559,516	(258,458)
Investment earnings		60,000	35,005	(24,995)
Land sales			153,409	153,409
Other		269,591	843,193	573,602
Total revenues		<u>33,824,628</u>	<u>36,135,395</u>	<u>2,310,767</u>
EXPENDITURES				
Current:				
General government		10,475,776	11,665,073	(1,189,297)
Public safety		11,580,675	11,405,225	175,450
Public works		5,022,473	5,037,917	(15,444)
Parks, recreation and tourism		3,249,532	3,243,547	5,985
Economic development assistance			153,409	(153,409)
Capital outlay		4,620,905	2,936,148	1,684,757
Debt service:				
Principal		2,147,500	2,147,500	
Interest and fees		562,292	562,519	(227)
Capital lease payments		123,645	123,645	
Total expenditures		<u>37,782,798</u>	<u>37,274,983</u>	<u>507,815</u>
REVENUES OVER (UNDER) EXPENDITURES		<u>(3,958,170)</u>	<u>(1,139,588)</u>	<u>2,818,582</u>
OTHER FINANCING SOURCES:				
Operating transfers in		4,158,170	3,459,982	(698,188)
Operating transfers out			(273,516)	
Proceeds from capital lease			120,000	120,000
Total other financing sources		<u>4,158,170</u>	<u>3,306,466</u>	<u>(578,188)</u>
REVENUES AND OTHER FINANCING SOURCES				
OVER (UNDER) EXPENDITURES		<u>200,000</u>	<u>2,166,878</u>	<u>2,240,394</u>
FUND BALANCE, BEGINNING				
OF YEAR		<u>3,200,174</u>	<u>3,200,174</u>	
FUND BALANCE, END OF YEAR		<u>\$3,400,174</u>	<u>\$5,367,052</u>	<u>\$2,240,394</u>
See accompanying notes to general purpose financial statements				

CITY OF ROCK HILL, SOUTH CAROLINA			
STATEMENT OF NET ASSETS			
PROPRIETARY FUNDS			
JUNE 30, 2003			
Business-type Activities - Enterprise Funds			
	Electric, Water and Sewer	Stormwater	Totals
ASSETS			
Cash and cash equivalents	\$ 3,395,984	\$ 368,384	\$ 3,764,368
Receivables (net of allowance for uncollectible accounts):			
Utility accounts	9,683,504		9,683,504
Direct financing lease	2,230,271		2,230,271
Other	70,329		70,329
Inventories	1,828,033		1,828,033
Restricted assets, cash and equivalents	58,064,227		58,064,227
Unamortized discount and issue costs	2,897,925		2,897,925
Land held for resale			
Fixed assets - net	164,776,756	4,626,014	169,402,770
Construction in progress	15,987,791	660,272	16,648,063
Total assets	<u>258,934,820</u>	<u>5,654,670</u>	<u>264,589,490</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 6,096,680	\$ 98,746	\$ 6,195,426
Due to other funds			
Utility deposits	1,886,761		1,886,761
Accrued interest payable	2,472,211		2,472,211
Contract retainage payable	285,366		285,366
Deferred revenues	535,076		535,076
Current portion of long-term obligations	3,615,000		3,615,000
Total current liabilities	<u>14,891,094</u>	<u>98,746</u>	<u>14,989,840</u>
Noncurrent liabilities			
Non-current portion of long-term obligations	124,130,000		124,130,000
Reimbursements payable to developers	881,827		881,827
Liability for accumulated leave	317,878	18,608	336,486
Total noncurrent liabilities	<u>125,329,705</u>	<u>18,608</u>	<u>125,348,313</u>
Total liabilities	<u>140,220,799</u>	<u>117,354</u>	<u>140,338,153</u>
NET ASSETS			
Invested in capital assets, net of related debt	105,849,157	5,286,286	111,135,443
Restricted for debt service	4,230,603		4,230,603
Unrestricted	8,634,261	251,030	8,885,291
Total net assets	<u>\$ 118,714,021</u>	<u>\$ 5,537,316</u>	<u>\$ 124,251,337</u>
The notes to the financial statements are an integral part of this statement.			

CITY OF ROCK HILL, SOUTH CAROLINA			
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS			
FOR THE YEAR ENDED JUNE 30, 2003			
Business-type Activities - Enterprise Funds			
	Electric, Water and Sewer	Stormwater	Totals
OPERATING REVENUES:			
Electric sales	\$ 54,520,963		\$ 54,520,963
Water sales	7,552,211		7,552,211
Sewer charges	10,338,322		10,338,322
Storm water charges		\$ 1,002,928	1,002,928
Other user charges	3,199,160		3,199,160
Total operating revenues	<u>75,610,656</u>	<u>1,002,928</u>	<u>76,613,584</u>
OPERATING EXPENSES:			
Purchased power	44,112,094		44,112,094
System operations	12,111,677	683,260	12,794,937
Depreciation and amortization	5,923,937	233,242	6,157,179
General and administrative	3,618,006		3,618,006
Total operating expenses	<u>65,765,714</u>	<u>916,502</u>	<u>66,682,216</u>
OPERATING INCOME (LOSS)	<u>9,844,942</u>	<u>86,426</u>	<u>9,931,368</u>
NONOPERATING REVENUES (EXPENSES):			
Interest income	357,797	7,748	365,545
Interest expense	(3,013,044)		(3,013,044)
Gain (loss) on disposal of fixed assets	(651)		(651)
Total nonoperating revenues (expenses)	<u>(2,655,898)</u>	<u>7,748</u>	<u>(2,648,150)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	7,189,044	94,174	7,283,218
CAPITAL CONTRIBUTIONS	3,391,766	196,992	3,588,758
TRANSFERS IN	2,512,773		2,512,773
TRANSFERS OUT	<u>(3,457,298)</u>		<u>(3,457,298)</u>
CHANGE IN NET ASSETS	9,636,285	291,166	9,927,451
TOTAL NET ASSETS - BEGINNING	<u>109,077,736</u>	<u>5,246,150</u>	<u>114,323,886</u>
TOTAL NET ASSETS - END	<u>\$ 118,714,021</u>	<u>\$ 5,537,316</u>	<u>\$ 124,251,337</u>
The notes to the financial statements are an integral part of this statement.			

CITY OF ROCK HILL, SOUTH CAROLINA						
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS						
FOR THE YEAR ENDED JUNE 30, 2003						
				Business-type Activities - Enterprise Funds		
				Electric, Water and Sewer	Stormwater	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash receipts from customers			\$ 73,968,559	\$ 1,002,928	\$ 74,971,487	
Cash payments to employees for services			(3,613,782)	(292,822)	(3,906,604)	
Cash payments to other suppliers of goods or services			(56,104,603)	(368,820)	(56,473,423)	
Other operating cash receipts			2,783,160		2,783,160	
Net cash provided by (used in) operating activities			17,033,334	341,286	17,374,620	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating transfers from the General fund			265,000		265,000	
Operating transfers to the General fund			(3,457,298)		(3,457,298)	
Net cash (used in) capital financing activities			(3,192,298)		(3,192,298)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets			(12,754,937)	(379,811)	(13,134,748)	
Issuance of revenue bonds			75,260,000		75,260,000	
Payment of revenue bonds			(27,800,000)		(27,800,000)	
Interest paid on revenue bonds			(3,270,890)		(3,270,890)	
Net cash provided by (used in) capital and related financing activities			31,434,173	(379,811)	31,054,362	
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received on investments			591,425	7,748	599,173	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
			45,866,634	(30,777)	45,835,857	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
			15,593,577	399,161	15,992,738	
CASH AND CASH EQUIVALENTS AT END OF YEAR						
			\$ 61,460,211	\$ 368,384	\$ 61,828,595	
The notes to the financial statements are an integral part of this statement.						

CITY OF ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

I. 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 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 basic 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.

Discretely presented component unit

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") that 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 discretely 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.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental *activities*, which normally are supported by taxes, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental *funds* and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

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

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

Real and personal property taxes and certain grant revenues associated with the current fiscal period are all considered to susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

The combined utility system fund accounts for the activities of the City's electric, water and sewer operations.

The stormwater fund accounts for the activities of the City's stormwater management operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's electric, water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund, the combined utility system fund and the stormwater fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances

between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables, including those for the Joint Venture Corp., are shown net of an allowance for uncollectibles.

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 2002 is 98 mills.

3. 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.

4. Restricted assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$4,248,755. Of this amount, \$1,075,879 was included as part of the cost of capital assets under construction in connection with wastewater treatment facilities construction projects.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives

6. Compensated absences

Vacation and sick leave liabilities are recorded in the General fund 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.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

One element of that reconciliation explains that “long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds”. Explanation of this difference totaling \$10,951,997 is as follows:

Bonds payable	\$ (7,900,000)
---------------	----------------

Capital lease	(260,348)
Compensated absences	(2,564,149)
Restricted cash for debt service	<u>(227,500)</u>

Net adjustment to reduce *fund balance – total governmental Funds* to arrive at *net assets – governmental activities* \$(10,951,997)

Another element of that reconciliation states “governmental funds report capital outlay as expenditures. In the statement of net assets, the cost of these assets is recorded and that cost is allocated over their estimated useful lives.” Explanation of this difference totaling \$54,295,703 is as follows:

Total capital assets, not being depreciated	\$ 19,392,129
Total capital assets, being depreciated	73,767,495
Accumulated depreciation	<u>(38,863,921)</u>

Net adjustment to increase *fund balance – total governmental Funds* to arrive at *net assets – governmental activities* \$54,295,703

Another element of that reconciliation states “certain assets are not available to pay for current period expenditures and, therefore, are deferred or restricted in the funds.” Explanation of this difference totaling \$529,728 is as follows:

Receivables, net of allowance	\$397,954
Deferred revenue	<u>131,774</u>

Net adjustment to increase *fund balance – total governmental funds* to arrive at *net assets – governmental activities* \$529,728

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$1,581,462 difference are as follows:

Capital outlay	\$4,000,113
Depreciation expense	<u>(2,418,651)</u>

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$1,581,462

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets.” The details of this \$1,415,962 are as follows:

Infrastructure donated by developers	\$833,747
Transfers of assets to enterprise fund	(2,247,773)
Loss on asset disposals	<u>(1,936)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(1,415,962)</u>

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details of this \$6,891 difference are as follows:

Taxes receivable	\$5,529
Rehabilitation loans	<u>(12,420)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(6,891)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$2,224,023 are as follows:

Principal repayments	\$ 2,147,500
Capital lease borrowings	(120,000)
Capital lease repayment	<u>114,754</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$2,142,254</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this \$50,049 difference are as follows:

Compensated absences	<u>\$50,049</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$50,049</u>

III. Stewardship, compliance and accountability

A. Budgetary information

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.

B. Encumbrances

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

IV. Detailed notes on all funds

A. Deposits 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 shown at carrying value at June 30, 2003 as follows:

	Category			Bank Balance	Carrying Value
	1	2	3		
Checking accounts	\$ 339,735	\$ 11,807,338	\$ 20,625	\$ 12,167,698	\$ 11,718,722
Certificates of deposit	49,464			49,464	49,464
	<u>\$ 389,199</u>	<u>\$ 11,807,338</u>	<u>\$ 20,625</u>	<u>\$ 12,217,162</u>	<u>\$ 11,768,186</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, \$339,735 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 carrying amount 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.

For balance sheet purposes, the investments described below are categorized as cash and cash equivalents. Investments are carried at fair value at June 30, 2003 as follows:

	Category			Fair Value
	1	2	3	
U.S. Government securities	\$ 39,974,444			\$ 39,974,444
Repurchase agreements		\$ 4,726,414		4,726,414
	<u>\$ 39,974,444</u>	<u>\$ 4,726,414</u>		<u>44,700,858</u>
S.C. Local Government Investment Pool (Fair value substantially equivalent to the value of the pool shares)				5,952,441
Funds held by bond trustees and agents in mutual funds				7,133,419
Total				<u>\$ 57,786,718</u>

The City's investments are categorized to indicate the level of risk assumed by the City at June 30, 2003. 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 \$535,076 at June 30, 2003. 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, 2003, \$24,218 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		\$ 11,768,186
Carrying amount of investments		57,786,718
Total		\$ 69,554,904
Cash and cash equivalents		\$ 8,538,398
Cash and cash equivalents		
- restricted for debt service and construction		60,967,042
Investments		49,464
Total		\$ 69,554,904

B. Receivables

Receivables at June 30, 2003, including the applicable allowances for uncollectible accounts, are as follows:

	General	Enterprise	Nonmajor Funds	Total
Receivables:				
Property taxes and assessments	\$ 2,413,383			\$ 2,413,383
Intergovernmental			\$ 870,164	870,164
Rehabilitation loans			658,872	658,872
Utility accounts		\$ 10,587,090		10,587,090
Direct financing lease		2,230,271		2,230,271
Court fines	674,026			674,026
Other	203,592	70,329		273,921
Gross receivables	3,291,001	12,887,690	1,529,036	17,707,727
Less: allowance for uncollectible accounts	(2,113,605)	(903,586)		(3,017,191)
Net total receivables	\$ 1,177,396	\$ 11,984,104	\$ 1,529,036	\$ 14,690,536

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.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to

be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Advance payment for project to be completed in next fiscal year		\$ 10,000
Rehabilitation loans	\$ 658,872	
Grant drawdowns prior to meeting all eligibility requirements		59,574
Total deferred/unearned revenue for governmental funds	<u>\$ 658,872</u>	<u>\$ 69,574</u>

The Housing Corporation had deferred revenue of \$449,342 related to first-time homebuyer loans receivable.

C. Capital assets

Capital asset activity for the year ended June 30, 2003 was as follows:

Primary Government

Governmental activities:	Beginning Balance	Additions	Retirements	Ending Balance
Asset Class				
Capital assets, not being depreciated				
Land	\$ 16,752,261	\$ 622,063		\$ 17,374,324
Construction in progress	2,900,750	1,762,950	\$ 2,599,905	2,063,795
Total capital assets, not being depreciated	<u>19,653,011</u>	<u>2,385,013</u>	<u>2,599,905</u>	<u>19,438,119</u>
Capital assets, being depreciated				
Buildings and improvements	21,590,155	37,246		21,627,401
Infrastructure	35,887,897	833,747		36,721,644
Machinery and equipment	13,014,182	1,924,493	427,696	14,510,979
Furniture and fixtures	855,988	5,494		861,482
Total capital assets, being depreciated	<u>71,348,222</u>	<u>2,800,980</u>	<u>427,696</u>	<u>73,721,506</u>
Less accumulated depreciation for:				
Buildings and improvements	8,525,172	594,509		9,119,681
Infrastructure	19,481,650	687,570		20,169,220
Machinery and equipment	8,091,136	1,116,710	425,760	8,782,086
Furniture and fixtures	773,073	19,862		792,935
Total accumulated depreciation	<u>36,871,031</u>	<u>2,418,651</u>	<u>425,760</u>	<u>38,863,922</u>
Total capital assets being depreciated, net	<u>34,477,191</u>	<u>382,329</u>	<u>853,456</u>	<u>34,857,584</u>
Governmental capital asset activities, net	<u>\$ 54,130,202</u>	<u>\$ 2,767,342</u>	<u>\$ 3,453,361</u>	<u>\$ 54,295,703</u>

Business-type activities:				
Asset Class	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated				
Land	\$ 739,242	\$ 69,022		\$ 808,264
Construction in progress	14,318,634	8,167,999	\$ 5,838,570	16,648,063
Total capital assets, not being depreciated	15,057,876	8,237,021	5,838,570	17,456,327
Capital assets, being depreciated				
Electric plant in service	64,667,950	9,288,429	2,948	73,953,431
Water plant in service	60,029,867	2,838,264	2,434	62,865,697
Sewer plant in service	87,464,393	4,389,163		91,853,556
Stormwater plant in service	5,277,403	196,992		5,474,395
Machinery and equipment	3,675,128	904,313	104,809	4,474,632
Total capital assets, being depreciated	221,114,741	17,617,161	110,191	238,621,711
Less accumulated depreciation for:				
Electric plant in service	20,640,979	1,747,179	2,698	22,385,460
Water plant in service	12,605,137	1,101,936	2,033	13,705,040
Sewer plant in service	28,270,709	2,068,194		30,338,903
Stormwater plant in service	910,591	179,201		1,089,792
Machinery and equipment	2,026,361	586,458	104,809	2,508,010
Total accumulated depreciation	64,453,777	5,682,968	109,540	70,027,205
Total capital assets being depreciated, net	156,660,964	11,934,193	651	168,594,506
Business-type capital asset activities, net	\$ 171,718,840	\$ 20,171,214	\$ 5,839,221	\$ 186,050,833

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 612,348
Public safety	578,526
Public works	1,037,752
Parks, recreation and tourism	190,025
Total depreciation expense - governmental activities	<u>\$ 2,418,651</u>

Business-type activities:

Electric	\$ 2,069,611
Water	1,186,735
Sewer	2,193,380
Stormwater	233,242
Total depreciation expense - business-type activities	<u>\$ 5,682,968</u>

D. Interfund receivables, payables and transfers

Due to / from other funds

		Due from (receivable)	Due to (payable)
Due to / from other funds:			
General fund		\$ 618,002	
Nonmajor governmental funds			\$ 618,002

Interfund transfers

	Transfer in:			
	General fund	Nonmajor Governmental	Electric, Water, Sewer fund	Total
Transfer out:				
General fund		\$ 8,516	\$ 265,000	\$ 273,516
Nonmajor governmental funds	\$ 2,684			2,684
Electric enterprise fund	3,457,298			3,457,298
	<u>\$ 3,459,982</u>	<u>\$ 8,516</u>	<u>\$ 265,000</u>	<u>3,733,498</u>
Transfer in of general capital assets:				
To enterprise fund from existing general capital assets				2,247,773
Total transfers in				<u>\$ 5,981,271</u>

In the fund financial statements, total transfers in of \$5,981,271 are greater than total transfers out of \$3,733,498 because of the treatment of transfers of capital assets to enterprise funds. During the year, existing capital related to governmental funds, with a book value of \$2,247,773 were transferred to the utility enterprise fund. No amounts were reported in the governmental funds as the amount did not involve the transfer of financial resources. However, the utility enterprise fund did report a transfer in for the capital resources received.

E. Leases

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 \$2,230,271.

Annual aggregate future minimum lease payments are as follows:

<u>Year ending June 30</u>					
2004					\$ 204,797
2005					204,913
2006					204,034
2007					204,116
2008					204,564
2009-2013					1,018,240
2014-2018					1,014,944
2019-2020					404,766
Total future minimum lease payments to be received					3,460,374
Less: amounts representing unearned interest at 5.96%					1,230,103
Net investment in direct financing lease					<u>\$ 2,230,271</u>

Capital leases

The City leases a street sweeping 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 \$326,750. Accumulated depreciation on the assets at June 30, 2003 was \$46,436. These amounts are included in governmental activities as machinery and equipment in the General fund.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2003 were as follows:

<u>Year ending June 30</u>					
2004					\$ 116,212
2005					116,212
2006					42,077
Total future minimum lease payments					274,501
Less: amounts representing interest					14,153
Present value of minimum lease payments					<u>\$ 260,348</u>

F. Long-term debt

Governmental activities

The original amount of all the outstanding governmental activities bonds is \$15,165,000. The following is a summary of changes in long-term liabilities for the year ended June 30, 2003 for governmental activities:

Description	Beginning	Additions	Reductions	Ending	Due within
	Balance			Balance	One Year
1993 General Obligation Bonds	\$ 4,150,000		\$ 325,000	\$ 3,825,000	\$ 325,000
1993 Tax Increment Bonds	765,000		100,000	665,000	100,000
1992 Tax Increment Refunding Bonds	1,395,000		1,395,000		-
1992 Tax Increment Bonds	2,840,000		505,000	2,335,000	535,000
1997 General Obligation Bonds	1,125,000		50,000	1,075,000	50,000
Liability for accumulated leave	2,514,100	\$ 1,180,673	1,130,624	2,564,149	-
Capital lease obligations	255,102	120,000	114,754	260,348	108,127
Total	\$ 13,044,202	\$ 1,300,673	\$ 3,620,378	\$ 10,724,497	\$ 1,118,127

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 5.25% 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 debt service requirements to maturity for obligations related to governmental activities obligations at June 30, 2003, are as follows:

Year ending	Governmental Activities			
	General Obligation Bonds		Tax Increment Bonds	
	Principal	Interest	Principal	Interest
June 30				
2004	\$ 375,000	\$ 261,861	\$ 635,000	\$ 172,094
2005	405,000	242,036	675,000	135,413
2006	430,000	220,261	715,000	96,444
2007	455,000	196,811	755,000	55,156
2008	485,000	172,668	220,000	11,550
2009-2013	2,300,000	442,553		
2014-2018	450,000	71,730		
Total	\$ 4,900,000	\$ 1,607,920	\$ 3,000,000	\$ 470,657

In addition to bonds payable, the City owes \$264,251 to various builders and developers for paving agreements that grant the payment of a portion of the builder's cost to install streets in new developments after inspection and acceptance by the City. The streets are then donated to the City and are maintained by the City. There are no fixed maturities on these agreements. Typically, the City pays out approximately \$50,000 per year. The City has decided, as a matter of policy, not to enter into any further paving agreements.

Business-type activities

The original amount of all the outstanding business-type activities bonds is \$15,165,000. The following is a

summary of changes in long-term liabilities for the year ended June 30, 2003 for business-type activities:

Description	Beginning	Additions	Reductions	Ending	Due within
	Balance			Balance	One Year
1991 Utility Revenue Bonds	\$ 5,745,000		\$ 5,745,000		
1993 Utility Revenue Bonds	20,650,000		20,650,000		
1998A Utility Revenue Bonds	2,260,000		285,000	\$ 1,975,000	\$ 295,000
1998B Utility Revenue Bonds	9,270,000		305,000	8,965,000	315,000
1998C Utility Revenue Bonds	7,930,000		275,000	7,655,000	285,000
2000A Utility Revenue Bonds	7,350,000		415,000	6,935,000	435,000
2000B Utility Revenue Bonds	10,000,000			10,000,000	-
2000C Utility Revenue Bonds	17,080,000		125,000	16,955,000	1,510,000
2003A Utility Revenue Bonds		\$ 65,260,000		65,260,000	775,000
2003B Utility Revenue Bonds		10,000,000		10,000,000	-
Total	\$ 80,285,000	\$ 75,260,000	\$ 27,800,000	\$ 127,745,000	\$ 3,615,000

The debt service requirements to maturity for obligations related to business-type activities obligations at June 30, 2003, are as follows:

Year ending June 30	Business-Type Activities	
	Utility Revenue Bonds	
	Principal	Interest
2004	\$ 3,615,000	\$ 5,985,963
2005	4,600,000	4,568,256
2006	4,795,000	4,355,486
2007	5,015,000	4,126,759
2008	5,240,000	3,881,682
2009-2013	24,310,000	15,970,452
2014-2018	29,175,000	11,098,367
2019-2023	22,005,000	6,579,097
2024-2028	14,080,000	3,987,557
2029-2033	14,910,000	1,808,918
Total	\$ 127,745,000	\$ 62,362,537

The Combined Utility System Revenue Bond Series 1998A are due in annual installments of \$295,000 to \$390,000 through January 2009 plus interest at 4.10% to 4.40%.

The Combined Utility System Revenue Bond Series 1998B are due in annual installments of \$315,000 to \$615,000 through January 2023, plus variable interest.

The Combined Utility System Revenue Bond Series 1998C are due in annual installments of \$285,000 to \$615,000 plus interest at 4.20% to 5.00% through January 2021.

The Combined Utility System Revenue Bond Series 2000A are due in annual installments of \$435,000 to \$750,000 plus interest at 5.00% to 5.40% through January 2015.

The Combined Utility System Revenue Bond Series 2000B are due in annual installments of \$835,000 to \$1,185,000 beginning in 2016 through January 2025 plus variable interest.

The Combined Utility System Revenue Bond Series 2000C are due in annual installments of \$1,510,000 to \$1,235,000 plus interest at 5.00% to 5.25% through January 2015.

In January, 2003 the City issued two Combined Utility System Revenue Bond series; \$65,260,000 Series A due in annual installments of \$775,000 to \$4,510,000 through January 2028, plus interest at 2.00% to 5.375%, and \$10,000,000 Series B due in annual installments of \$675,000 to \$3,235,000 from January 1, 2030 through January 2033, plus variable interest. The Series A and B bonds raised funds for the construction of new utility projects and, as noted below in current year refundings, the Series A bonds refunded some older debt.

For all the variable rate bonds, the City retains the services of commercial and investment banks to reprice the bonds on a weekly basis in the open market. If marketability problems arise, the City also contracts with various commercial banks to buy the bonds using standby bond purchase arrangements. These arrangements have not been used to date.

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.

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.

In addition to bonds payable, the City owes \$881,827 to various builders and developers for water and sewer agreements that grant the payment of a portion of the builder's cost to install water and sewer lines in new developments after inspection and acceptance by the City. The lines are then donated to the City and are maintained by the City. There are no fixed maturities on these agreements. Typically, the City accepts and pays out approximately \$75,000 per year.

Refundings

Current year

The Series 2003A bonds issued during the current fiscal year refunded the 1991 and 1993 bonds, resulting in a net defeasance loss of \$2,455,507, which is the difference between the acquisition price of the new bonds and the net carrying amount of the refunded bonds. The refunding is expected to realize debt service net present value savings of \$1,050,658.

Advance Refundings

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.

V. Other information

A. Risk management

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. The South Carolina Municipal Insurance Trust Fund carries workers' compensation. The South Carolina State Employees Blue Cross Plan carries employee health care. The South Carolina Municipal Insurance and Risk Financing Fund carry the remaining policies. 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.

B. Other post employment 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, 2003, expenditures of \$197,453, net of \$400,891 paid by retirees, were recognized for post-retirement health care for 149 retirees.

C. Employee retirement plans and 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, 2003 was \$15,846,057. The total payroll for employees covered by the PORS for the year ended June 30, 2003 was \$6,106,793.

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, 2003, the year ended June 30, 2002, and year ended June 30, 2001 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 employee=s earnings and amounted to \$1,085,455 for the year ended June 30, 2003 (SCRS) and \$653,427 (PORS), \$984,530 for the year ended June 30, 2002 (SCRS) and \$599,828 (PORS), and \$965,993 for the year ended June 30, 2001 (SCRS) and \$589,310 (PORS). Employee contributions for the SCRS and PORS were based on 6% and 6.5%

of the employees' earnings and amounted to \$950,763 for the year ended June 30, 2003 (SCRS) and \$396,942 (PORS), \$862,362 for the year ended June 30, 2002 (SCRS) and \$364,381 (PORS), and \$846,125 for the year ended June 30, 2001 (SCRS) and \$357,992 (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.

D. Commitments

The City has committed itself on a number of construction contracts for the Capital Projects fund and the Enterprise fund. As of June 30, 2003, the outstanding commitments total \$337,510 for the Capital Projects fund and \$933,939 for the Enterprise fund.

E. Contingencies

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, 2003, the cost of power purchased under this agreement amounted to \$42,859,530 (the remainder of the City's wholesale power cost of \$1,252,564 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.

F. Implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 and Restatement of Equity

Effective July 1, 2002, the City implemented GASB 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This statement significantly changes the financial reporting model and reporting requirements for the government's infrastructure. Implementation of GASB 34 resulted in certain retroactive adjustments to beginning net assets for government-wide activities. The following table outlines the changes to net assets:

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Fund balance/net assets, June 30, 2002 as previously reported	\$ 3,755,159	\$ 110,014,541	\$ 113,769,700
Adjustment to capital assets including the indentification of assets for capitalization and recording depreciation on assets for government-wide statement purposes	54,130,203	4,309,345	58,439,548
Recording long-term liabilities for government-wide statement purposes	(13,094,251)		(13,094,251)
Recognizing deferred revenue when earned based on full accrual accounting versus when available	536,619		536,619
Fund changes in Accounting Principle and Reclassifications	162,529		162,529
Net assets, July 1, 2002	<u>\$ 45,490,259</u>	<u>\$ 114,323,886</u>	<u>\$ 159,814,145</u>

G. 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, 2003:

	Electric	Water	Sewer	Stormwater	Total
Operating revenues					
Sales and primary service charge	\$ 54,520,963	\$ 7,552,211	\$ 10,338,322	\$ 1,002,928	\$ 73,414,424
Other user charges	2,522,475	331,898	344,787		3,199,160
Total operating revenues	57,043,438	7,884,109	10,683,109	1,002,928	76,613,584
Operating expenses					
Purchased power	44,112,094				44,112,094
System operations	4,332,526	3,102,510	4,676,641	683,260	12,794,937
Depreciation and amortization	2,221,929	1,354,499	2,347,509	233,242	6,157,179
General and administrative	1,565,573	900,281	1,152,152		3,618,006
Total operating expenses	52,232,122	5,357,290	8,176,302	916,502	66,682,216
Operating income	4,811,316	2,526,819	2,506,807	86,426	9,931,368
Nonoperating revenues (expenses)					
Interest income	107,879	188,559	61,359	7,748	365,545
Interest expense	(967,793)	(1,065,945)	(979,306)		(3,013,044)
Loss on disposal of fixed assets	(250)	(401)			(651)
Total nonoperating revenues (expenses)	(860,164)	(877,787)	(917,947)	7,748	(2,648,150)
Income before contributions and transfers	3,951,152	1,649,032	1,588,860	94,174	7,283,218
Capital contributions		698,217	2,693,549	196,992	3,588,758
Transfers from the general fund	2,022,468	76,872	413,433		2,512,773
Transfers to the general fund	(3,457,298)				(3,457,298)
Net income	\$ 2,516,322	\$ 2,424,121	\$ 4,695,842	\$ 291,166	\$ 9,927,451

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for specific purpose.

Community Development Fund – This fund is used to account for resources received from the Federal government that are legally restricted to Community Development Block Grant purposes.

Local Law Enforcement Block Grant (LLEBG) Funds – These funds are used to account for resources received from the Federal government that are legally restricted to police purposes. A fund is established for each grant year.

H.O.M.E. Fund – This fund is used to account for grant revenues received from the Federal government that are legally restricted to housing purposes.

Other Federal Grants Fund – This fund is used to account for resources received from the Federal government that are legally restricted to various purposes, including disaster recovery, law enforcement, job training and public works.

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 and trust funds.

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

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.

Manchester Meadows Fund – This fund is used to account for grant and other proceeds to be used for construction of a multifold soccer complex.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Perpetual Care Permanent Fund – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain City-owned cemeteries and for beautification projects

CITY OF ROCK HILL, SOUTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003

	Special Revenue							Capital Projects					Permanent Fund	Total Nonmajor
	Community Development	LLEBG 2000	LLEBG 2001	LLEBG 2002	H.O.M.E. program	Other Federal	Total	Operational Capital	1997 G.O. bonds	Transport. Committee	Manchester Meadows	Total	Perpetual Care	Governmental Funds
ASSETS														
Cash and cash equivalents	\$ 179,572	\$ 4,510	\$ 117,103	\$ 1,020	\$ 64,528		\$ 366,733	\$ 44,731			\$ 1,451	\$ 46,182	\$ 73,478	\$ 486,393
Investments													38,871	38,871
Receivables (net of allowances for uncollectible accounts):														
Intergovernmental						\$ 838,910	838,910	31,254				31,254		870,164
Rehabilitation loans	305,936				352,936		658,872							658,872
Total assets	<u>\$ 485,508</u>	<u>\$ 4,510</u>	<u>\$ 117,103</u>	<u>\$ 1,020</u>	<u>\$ 417,464</u>	<u>\$ 838,910</u>	<u>\$ 1,864,515</u>	<u>\$ 75,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,451</u>	<u>\$ 77,436</u>	<u>\$ 112,349</u>	<u>\$ 2,054,300</u>
LIABILITIES:														
Accounts payable	\$ 59,469		\$ 206			\$ 220,890	\$ 280,565	\$ 75,985				\$ 75,985	\$ 100	\$ 356,650
Due to other funds						618,002	618,002							618,002
Deferred revenues	395,510				\$ 352,936		748,446							748,446
Total liabilities	<u>454,979</u>	<u>-</u>	<u>206</u>	<u>-</u>	<u>352,936</u>	<u>838,892</u>	<u>1,647,013</u>	<u>75,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,985</u>	<u>100</u>	<u>1,723,098</u>
FUND BALANCES:														
Reserved for federal grant programs	30,529	\$ 4,510	116,897	\$ 1,020	64,528	18	217,502							217,502
Reserved for capital projects							-				\$ 1,451	1,451		1,451
Reserved for beautification							-						112,249	112,249
Total fund balances	<u>30,529</u>	<u>4,510</u>	<u>116,897</u>	<u>1,020</u>	<u>64,528</u>	<u>18</u>	<u>217,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,451</u>	<u>1,451</u>	<u>112,249</u>	<u>331,202</u>
Total liabilities and fund balances	<u>\$ 485,508</u>	<u>\$ 4,510</u>	<u>\$ 117,103</u>	<u>\$ 1,020</u>	<u>\$ 417,464</u>	<u>\$ 838,910</u>	<u>\$ 1,864,515</u>	<u>\$ 75,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,451</u>	<u>\$ 77,436</u>	<u>\$ 112,349</u>	<u>\$ 2,054,300</u>
The notes to the financial statements are an integral part of this statement.														

CITY OF ROCK HILL, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

**NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	Special Revenue							Capital Projects					Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
	Community Development	LLEBG 2000	LLEBG 2001	LLEBG 2002	H.O.M.E. program	Other Federal	Total	Operational Capital	1997 GO. bonds	Transport. Committee	Manchester Meadows	Total		
REVENUES														
Intergovernmental revenue	\$ 274,433			\$ 122,365		\$ 1,229,782	\$ 1,626,580	\$ 207,200			\$ 18,448	\$ 225,648		\$ 1,852,228
Investment earnings		\$ 1,488	\$ 2,615	374			4,477		\$ 749	\$ 112		861	\$ 1,799	7,137
Program income	40,395				\$ 10,762		51,157					-		51,157
Other							-	200,000				200,000		200,000
Total revenues	314,828	1,488	2,615	122,739	10,762	1,229,782	1,682,214	407,200	749	112	18,448	426,509	1,799	2,110,522
EXPENDITURES														
Current:														
General government	213,177						794,414							794,414
Public safety							591,632							591,632
Housing rehabilitation	2,606						2,606							2,606
Capital outlay	99,623	174,976	42,315	121,719		56,913	495,546	411,469	128,873	6,734	16,997	564,073	4,346	1,063,965
Total expenditures	315,406	174,976	42,315	121,719	-	1,229,782	1,884,198	411,469	128,873	6,734	16,997	564,073	4,346	2,452,617
Excess (deficiency) of revenues over (under) expenditures	(578)	(173,488)	(39,700)	1,020	10,762	-	(201,984)	(4,269)	(128,124)	(6,622)	1,451	(137,564)	(2,547)	(342,095)
OTHER FINANCING SOURCES (USES)														
Operating transfers in - General fund								3,516				3,516	5,000	8,516
Operating transfers out - General fund													(2,684)	(2,684)
Total other financing sources (uses)	-	-	-	-	-	-	-	3,516	-	-	-	3,516	2,316	5,832
Net change in fund balances	(578)	(173,488)	(39,700)	1,020	10,762	-	(201,984)	(753)	(128,124)	(6,622)	1,451	(134,048)	(231)	(336,263)
Fund balances - beginning	31,107	177,998	156,597	-	53,766	18	419,486	753	128,124	6,622		135,499	112,480	667,465
Fund balances - ending	\$ 30,529	\$ 4,510	\$ 116,897	\$ 1,020	\$ 64,528	\$ 18	\$ 217,502	\$ -	\$ -	\$ -	\$ 1,451	\$ 1,451	\$ 112,249	\$ 331,202

The notes to the financial statements are an integral part of this statement.

CITY OF ROCK HILL, SOUTH CAROLINA

ENTERPRISE FUND

The Enterprise fund is used to account for operations that 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.

CITY OF ROCK HILL, SOUTH CAROLINA							
ENTERPRISE FUND							
SCHEDULE OF REVENUES AND EXPENSES - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2003							
			Electric, Water and Sewer			Stormwater	
					Variance with Final Budget Positive (Negative)		Variance with Final Budget Positive (Negative)
OPERATING REVENUES:			Budget	Actual		Budget	Actual
Electric sales			\$ 54,132,834	\$ 54,520,963	\$ 388,129		
Water sales			8,032,169	7,552,211	(479,958)		
Sewer charges			10,875,460	10,338,322	(537,138)		
Stormwater charges						\$ 1,070,853	\$ 1,199,921
Other user charges			2,740,588	3,433,958	693,370		
Total operating revenues			75,781,051	75,845,454	64,403	1,070,853	1,199,921
NONOPERATING REVENUES:							
Interest income			351,899	262,619	(89,280)		7,748
TOTAL REVENUES			76,132,950	76,108,073	24,877	1,070,853	1,207,669
EXPENSES:							
Electric system			57,085,608	56,810,456	275,152		
Water system			3,322,206	3,585,980	(263,774)		
Sewer system			11,566,966	12,905,062	(1,338,096)		
Stormwater system						1,070,853	1,057,071
TOTAL EXPENSES			71,974,780	73,301,498	(1,326,718)	1,070,853	1,057,071
REVENUES OVER EXPENSES			4,158,170	2,806,575	1,351,595	-	150,598
OPERATING TRANSFERS TO THE GENERAL FUND			4,158,170	3,457,298	700,872		
REVENUES OVER EXPENSES AND TRANSFERS			\$ -	\$ (650,723)	\$ 650,723	\$ -	\$ 150,598

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF ROCK HILL

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE OF SOURCE**

JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Governmental funds capital assets:		
Land	\$ 17,374,324	\$ 16,752,261
Buildings	21,627,401	21,590,155
Machinery and equipment	14,510,979	13,014,182
Furniture and fixtures	861,482	855,988
Infrastructure	36,721,644	35,887,897
Construction in progress	2,063,795	2,900,750
Total governmental funds capital assets	<u>\$ 93,159,625</u>	<u>\$ 91,001,233</u>
Investment in governmental funds capital assets by source:		
General fund	\$ 19,927,235	\$ 19,320,098
Special revenue fund	3,821,412	3,617,780
Capital projects fund	5,286,195	3,938,572
Donations	36,759,312	36,759,312
Prior to 1989 not classed by source	27,365,471	27,365,471
Total governmental funds capital assets	<u>\$ 93,159,625</u>	<u>\$ 91,001,233</u>

CITY OF ROCK HILL, SOUTH CAROLINA							
CAPITAL ASSETS USE IN THE OPERATION OF GOVERNMENTAL FUNDS							
SCHEDULE - BY FUNCTION AND ACTIVITY							
JUNE 30, 2003							
FUNCTION AND ACTIVITY	Total	Land and Improvements	Buildings	Machinery and Equipment	Furniture and Fixtures	Infrastructure	Construction In Progress
General government:							
City Council and management	\$ 20,388,493	\$ 8,171,339	\$ 10,211,665	\$ 488,032	\$ 719,665		\$ 797,792
Planning and development	1,912,292	466,610		1,080,525			365,157
Human resources	403,431		381,680	21,751			
Finance	938,554	16,755	25,925	895,874			
Property maintenance	2,524,817	195,080	1,573,895	755,842			
Nondepartmental	1,331,715	501,531	370,796	459,388			
Total general government	27,499,302	9,351,315	12,563,961	3,701,412	719,665		1,162,949
Public safety:							
Police	5,834,025	59,036	1,875,414	3,774,181	125,394		
Fire	5,055,460	148,500	1,824,031	2,534,566			548,363
Total public safety	10,889,485	207,536	3,699,445	6,308,747	125,394		548,363
Public works	41,089,464	11,318	157,034	4,199,468		36,721,644	
Parks, recreation and tourism	13,681,374	7,804,155	5,206,961	301,352	16,423		352,483
Total general fixed assets allocated to functions	\$ 93,159,625	\$ 17,374,324	\$ 21,627,401	\$ 14,510,979	\$ 861,482	\$ 36,721,644	\$ 2,063,795

CITY OF ROCK HILL, SOUTH CAROLINA

**CAPITAL ASSETS USE IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

FOR THE YEAR ENDED JUNE 30, 2003

FUNCTION AND ACTIVITY	Balance June 30, 2002	Additions	Retirements	Balance June 30, 2003
General government:				
City Council and management	\$ 19,261,962	\$ 328,739		\$ 19,590,701
Planning and development	1,226,228	334,895	\$ 13,988	1,547,135
Human resources	403,431			403,431
Finance	721,886	226,667	10,000	938,553
Property maintenance	2,390,976	140,386	6,546	2,524,816
Nondepartmental	1,331,715			1,331,715
Total general government	<u>25,336,198</u>	<u>1,030,687</u>	<u>30,534</u>	<u>26,336,351</u>
Public safety:				
Police	5,562,268	321,891	50,132	5,834,027
Fire	3,900,939	606,158		4,507,097
Total public safety	<u>9,463,207</u>	<u>928,049</u>	<u>50,132</u>	<u>10,341,124</u>
Public works	<u>40,041,485</u>	<u>1,395,009</u>	<u>347,030</u>	<u>41,089,464</u>
Parks, recreation and tourism	<u>13,259,593</u>	<u>69,298</u>		<u>13,328,891</u>
Construction in progress	<u>2,900,750</u>	<u>1,762,949</u>	<u>2,599,904</u>	<u>2,063,795</u>
Total general fixed assets	<u>\$ 91,001,233</u>	<u>\$ 5,185,992</u>	<u>\$ 3,027,600</u>	<u>\$ 93,159,625</u>

CITY OF ROCK HILL, SOUTH CAROLINA					
SCHEDULE OF COURT FINES AND ASSESSMENTS					
FOR THE YEAR ENDED JUNE 30, 2003					
Court fines collected by Clerk of Court					\$ 152,505
Assessments collected by Clerk of Court					512,823
Total Court Collections					\$ 665,328
Fines retained by Municipal Treasurer					\$ 152,505
Assessments retained by Municipal Treasurer					59,746
Fines and assessments remitted to State Treasurer					453,077
Total Dispositions					\$ 665,328
Victim Services Activities					
Victim percentage charges					\$ 59,746
Victim flat fee charges					37,797
Total victim revenues					97,543
Funds carried forward from previous periods					161,524
Victim Service expenditures					(94,053)
Funds available for carry forward					\$ 165,014

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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
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
2003	19,860,108	6,125,744	791,738	39,482	3,393,262	6,559,516	153,409	51,157	843,193	37,817,609
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
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
2003	12,459,487	11,996,857	5,037,917	3,243,547	153,409	2,606	3,431,694	2,833,664	39,159,181
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	Percentage of Delinquent Taxes to Tax Levy
1993	1993	\$ 7,857,232	\$ 6,806,871	86.63%	\$ 1,001,318	\$ 7,808,189	99.38%	\$ 49,043	0.62%
1994	1994	8,175,509	7,268,317	88.90%	841,915	8,110,232	99.20%	65,277	0.80%
1995	1995	8,203,761	7,565,213	92.22%	631,681	8,196,894	99.92%	6,867	0.08%
1996	1996	9,045,073	8,247,565	91.18%	781,003	9,028,568	99.82%	16,505	0.18%
1997	1997	9,449,958	8,497,973	89.93%	818,365	9,316,338	98.59%	133,620	1.41%
1998	1998	10,991,086	10,218,367	92.97%	744,542	10,962,909	99.74%	28,177	0.26%
1999	1999	10,846,047	9,979,559	92.01%	748,683	10,728,242	98.91%	117,805	1.09%
Fiscal Year Ended June 30									
2001	2000	12,042,905	11,604,549	96.36%	276,434	11,880,983	98.66%	161,922	1.34%
2002	2001	12,720,474	12,179,897	95.75%	342,582	12,522,479	98.44%	197,995	1.56%
2003	2002	12,326,494	11,685,363	94.80%				641,131	5.20%
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 through 2002, 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%
2003	2002	105,971,894	2,162,691,714	54,087,534	537,491,143	160,059,428	2,700,182,857	5.93%
Notes:	(1) Assessed value does not include \$2,071,740 assessment for merchants' inventory that is exempt from the total tax levy.							

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	158.50	85.50	342.00
2003	98.00	164.50	90.00	352.50

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>
1993	43,004	\$ 79,516,675	-	-	-
1994	44,002	82,260,567	\$ 6,400,000	7.78%	\$ 145.45
1995	44,621	83,645,036	6,200,000	7.41%	138.95
1996	45,897	87,582,645	5,975,000	6.82%	130.18
1997	46,834	99,190,669	5,750,000	5.80%	122.77
1998	47,790	102,551,223	6,850,000	6.68%	143.34
1999	48,765	106,387,115	6,555,000	6.16%	134.42
2000	49,760	108,873,286	6,260,000	5.75%	125.80
<u>Year Ended June 30,</u>					
2001	51,253	126,553,454	5,620,000	4.44%	109.65
2002	53,940	153,230,931	5,275,000	3.44%	97.79
2003	53,940	160,059,428	4,900,000	3.06%	90.84

- 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.

CITY OF ROCK HILL, SOUTH CAROLINA

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2002

TAX PROPERTY	\$ 157,987,688
EXEMPT MERCHANT'S INVENTORY	2,071,740
TOTAL ASSESSED VALUE – 2002 Assessed Value	160,059,428
DEBT LIMIT - 8 PERCENT OF TOTAL ASSESSED VALUE	12,804,754
TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT	<u>(4,900,000)</u>
LEGAL DEBT MARGIN	<u><u>\$ 7,904,754</u></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, 2003

	<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>\$ 4,900,000</u>	100.00%	<u>\$ 4,900,000</u>
Overlapping Debt - York County (1)	39,466,414	20.78%	8,201,121
Rock Hill School District Number Three (1)	<u>91,430,000</u>	49.39%	<u>45,157,277</u>
Total Overlapping Debt	<u>130,896,414</u>		<u>53,358,398</u>
Total Direct and Overlapping Debt	<u><u>\$ 135,796,414</u></u>		<u><u>\$ 58,258,398</u></u>

Note: (1) Overlapping Debt for York County and Rock Hill School District Number 3 is calculated for year ending June 30, 2003. 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>
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%
2003	375,000	276,686	646,686	39,159,181	1.65%

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	
1993 (3)	\$ 51,272,189	\$ 34,487,691	\$ 16,784,498	\$ 1,235,583	\$ 3,257,906	\$ 4,493,489	3.74
1994	51,771,358	36,538,684	15,232,674	1,345,000	3,509,076	4,854,076	3.14
1995	55,026,480	39,988,671	15,037,809	1,475,000	3,696,977	5,171,977	2.91
1996	56,884,246	41,922,652	14,961,594	1,785,000	3,583,159	5,368,159	2.79
1997	58,415,153	43,592,204	14,822,949	1,860,000	3,498,412	5,358,412	2.77
1998 (3)	61,864,377	46,957,383	14,906,994	2,495,000	3,665,753	6,160,753	2.42
1999	60,708,955	50,357,382	10,351,573	2,450,000	3,645,811	6,095,811	1.70
Year Ended June 30,							
2001	68,508,403	53,502,114	15,006,289	3,004,400	4,213,673	7,218,073	2.08
2002	72,118,172	54,286,636	17,831,536	3,342,500	3,489,242	6,831,742	2.61
2003	75,967,802	59,841,777	16,126,025	3,455,417	4,248,755	7,704,172	2.09

- 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 1988, 1991, 1993, 1998, 2000 and 2003 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	6.9%
2002	51,253	(3)			15,221	6.9%
2003	53,940	(3)			16,015	7.3%

- 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

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
<u>Year Ended June 30,</u>					
2001	56	52,512,815	723	99,155,913	893,382
2002	79	37,316,106	712	82,536,881	892,102
2003	60	25,202,635	809	102,458,839	888,911

- 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.

CITY OF ROCK HILL, SOUTH CAROLINA				
PRINCIPAL TAXPAYERS				
YEAR ENDED JUNE 30, 2002				
				Percentage
				of Total
		Taxes	Assessed	Assessed
Taxpayer	Type of Business	Paid	Valuation	Valuation
Rock Hill Telephone	Telephone Communications	\$ 493,187	\$ 5,032,520	3.72%
Amisub of South Carolina, Inc.	Real Estate	240,230	2,451,324	1.81%
Rock Hill Zamias Ltd	Real Estate	155,626	1,588,020	1.17%
Atotech USA	Electroplating	1,125	1,310,193	0.97%
Piedmont Medical Center	Hospital	111,804	1,140,860	0.84%
CK Rock Hill, #2	Real Estate	107,540	1,097,350	0.81%
Kings Electronics Co. Inc	Electronics Mfg.	88,889	907,030	0.67%
Clariant Life Science Molecule	Chemical Manufacturing	84,207	859,260	0.63%
Mallard Point LLC	Real Estate	79,474	197,874	0.15%
Illuminet	Telecommunications	64,396	657,100	0.49%
Hackett Limited Partnership	Real Estate	60,362	615,940	0.46%
Williamette Industries	Business Forms Manufacturer	53,175	542,600	0.40%
Kings Mountain Capital Limited	Real Estate	53,055	541,380	0.40%
Hartmann Conco Inc.	Medical Supplies	52,497	535,680	0.40%
Galleria Pointe Association	Real Estate	51,742	527,976	0.39%
Rock Hill Apartments, LLC	Real Estate	50,884	519,228	0.38%
Continental Properties	Real Estate	48,956	121,890	0.09%
Retail Trust III	Real Estate	46,825	477,810	0.35%
Triangle Real Estate	Real Estate	46,814	477,690	0.35%
CT River 2 - Limited Ptnrship	Real Estate	46,299	472,440	0.35%
TOTAL		\$ 1,937,087	\$ 20,074,165	14.83%

CITY OF ROCK HILL, SOUTH CAROLINA				
PRINCIPAL ELECTRIC CUSTOMERS				
YEAR ENDED JUNE 30, 2003				
Customer	Type of Business	Consumption (Kwh)	Amount Billed	Percentage of Total Billed
City of Rock Hill	Municipal government	27,284,676	\$ 1,943,748	3.38%
Rock Hill School District	Primary/secondary education	25,256,302	1,623,499	2.83%
Piedmont Medical Center	Hospital	14,170,291	823,662	1.43%
Comporium	Telephone/Cable TV	10,647,683	552,989	0.96%
Winn Dixie	Grocery Store	8,994,920	530,398	0.92%
Food Lion	Grocery Store	7,476,815	471,717	0.82%
Bi-Lo	Grocery Store	6,974,480	412,559	0.72%
Rhodes Printing - Ad Team	Printing - manufacturer	8,992,282	396,054	0.69%
Wal Mart	Department Store	6,650,800	386,830	0.67%
Hordis Brothers	Architectural Glass	4,816,400	377,526	0.66%
York Technical College	Technical Education	5,372,120	372,851	0.65%
Winthrop	University	4,761,297	313,994	0.55%
Lexington Medical	Medical Supplies	4,615,200	286,877	0.50%
Hartmann Conco Inc.	Medical Supplies	6,819,479	263,352	0.46%
Lowes' of Rock Hill	Home Improvement Store	4,007,840	242,112	0.42%
Williamette Industrial	Business Forms Manufacturer	3,357,800	223,151	0.39%
Balzers Tools Coating	Cutting Tool Coatings	3,570,720	212,728	0.37%
CKC, Inc	Industrial Supplies Manufacturer	3,446,609	212,065	0.37%
Atotech USA	Electroplating	6,221,094	211,207	0.37%
Chicago Pneumatic	Pneumatic Tools	2,932,311	200,619	0.35%
TOTAL		166,369,119	\$ 10,057,937	17.51%

CITY OF ROCK HILL, SOUTH CAROLINA				
PRINCIPAL WASTEWATER CUSTOMERS				
YEAR ENDED JUNE 30, 2003				
Customer	Type of Business	Consumption (Gallons)	Amount Billed	Percentage of Total Billed
York County	Municipal government	421,138,000	\$ 985,687	9.22%
Inchem	Chemical Manufacturer	53,330,682	265,976	2.49%
Winthrop	University	63,631,692	116,704	1.09%
Rock Hill School District # 3	Primary/Secondary Education	30,230,983	103,082	0.96%
Piedmont Medical Care	Hospital	26,492,535	69,948	0.65%
Hordis Brothers	Architectural Glass	11,274,454	51,525	0.48%
AMPT, Inc./Tyco	Electronic System	8,299,844	33,170	0.31%
Phillip Environmental	Environmental/Recycling Services	8,617,092	32,441	0.30%
Meco	Metal Plating	8,713,790	31,646	0.30%
Atotech	Electroplating	8,271,197	29,860	0.28%
Holox	Chemical Manufacturer	4,314,500	29,199	0.27%
Westminister Presbyterian	Church/Retirement Housing	10,531,040	27,716	0.26%
Archimica	Chemical Manufacturer	6,059,496	22,920	0.21%
Oldcastle Specalty Glass	Glass Manufacturer	3,045,197	22,725	0.21%
HS Enterprise of RH	Real Estate	8,559,512	22,422	0.21%
R.U.S. of Rock Hill	Uniform Rental	4,983,272	18,285	0.17%
SunBelt Corp	Chemical Dyes	2,311,249	17,603	0.16%
Interstate Development	Real Estate	6,763,612	15,969	0.15%
Holiday Inn	Hotel	6,010,704	15,847	0.15%
RH Convalescent	Nursing Home	5,693,663	14,942	0.14%
TOTAL		698,272,514	\$ 1,927,667	3.70%

CITY OF ROCK HILL, SOUTH CAROLINA				
PRINCIPAL WATER CUSTOMERS				
YEAR ENDED JUNE 30, 2003				
Customer	Type of Business	Consumption (Gallons)	Amount Billed	Percentage of Total Billed
Town of Fort Mill	Municipal Government	747,661,156	\$ 777,661	10.21%
York County	County Government	199,727,968	207,802	2.73%
Winthrop University	University	102,507,197	112,960	1.48%
City of Rock Hill	Municipal Government	79,706,472	92,895	1.22%
Bowater	Paper Manufacturer	79,738,225	83,350	1.09%
Inchem	Chemical Manufacturer	35,012,225	79,908	1.05%
Rock Hill School District	Primary/secondary education	33,671,252	50,085	0.66%
Celanese Acetate	Acetate Manufacturer	38,185,400	39,807	0.52%
Holox	Chemical Manufacturer	17,364,746	39,784	0.52%
Piedmont Medical Center	Hospital	33,298,383	36,131	0.47%
Rock Hill Housing Authority	Subsidized Housing	8,805,854	32,028	0.42%
River Pines Water System	Residential Water System	11,781,890	27,039	0.35%
Hordis Brothers	Architectural Glass	11,274,454	25,898	0.34%
AMP, Inc.	Electronic Systems	9,197,233	20,838	0.27%
Interstate Dev.	Real Estate	6,763,612	14,827	0.19%
Catawba Work Center	Prerelease Center	6,177,881	14,277	0.19%
Catawba Nation	Native American Reservation	13,536,481	14,172	0.19%
Westminister Presby.	Church/Retirement Housing	11,690,354	13,978	0.18%
Meco	Metal Plating	8,712,831	12,323	0.16%
Atotech UA, Inc.	Electroplating	11,114,756	11,653	0.15%
TOTAL		1,465,928,370	\$ 1,707,416	22.41%

CITY OF ROCK HILL, SOUTH CAROLINA

MISCELLANEOUS STATISTICS JUNE 30, 2003

Date of Incorporation	1892
Form of Government	Council-Manager
Area (sq. miles)	32.0874
Miles of City Owned Streets	159.98
Number of Street Lights	5,314
Number of Traffic Signal Intersections	110
Fire Protection	
Number of Stations	4
Number of Firemen and Officers	82
Police Protection	
Number of Stations/Substations	4
Number of Sworn Policemen and Officers	110
Education (Elementary, Middle Schools, Senior High Schools)	
Attendance Centers	21
Number of Classrooms	950
Number of Teachers	972
Number of Students	15221
Municipal Electric Department	
Number of Consumers	29,918
Number of Delivery Substations	5
Miles of Distribution Lines Overhead	415
Miles of Distribution Lines Underground	205
Number of Poles	19,790
Municipal Water Department	
Number of Consumers	24,418
Average Daily Consumption (Gallons)	13 MGD
Summer Peak Usage	19.5 MGD
Miles of Water Mains	470
Municipal Sewer Department	
Number of Consumers	28,704
Miles of Sanitary Sewers	412
Miles of Storm Sewers	Not available
Building Permits Issued	
Construction Costs	869
	\$127,661,474
Recreation and Culture	
Number of Parks	29
Number of Libraries	1
Number of Full Time Employees	640