

CITY OF ROCK HILL, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
MARCH 31, 2008**

CITY OF ROCK HILL, MISSOURI

Comprehensive Annual Financial Report For The Fiscal Year Ended March 31, 2008

Prepared by:
Ann Robertson, Director of Finance/
Assistant City Administrator

CITY OF ROCK HILL, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

CITY OF ROCK HILL, MISSOURI
PRINCIPAL CITY OFFICIALS

Elected Officials

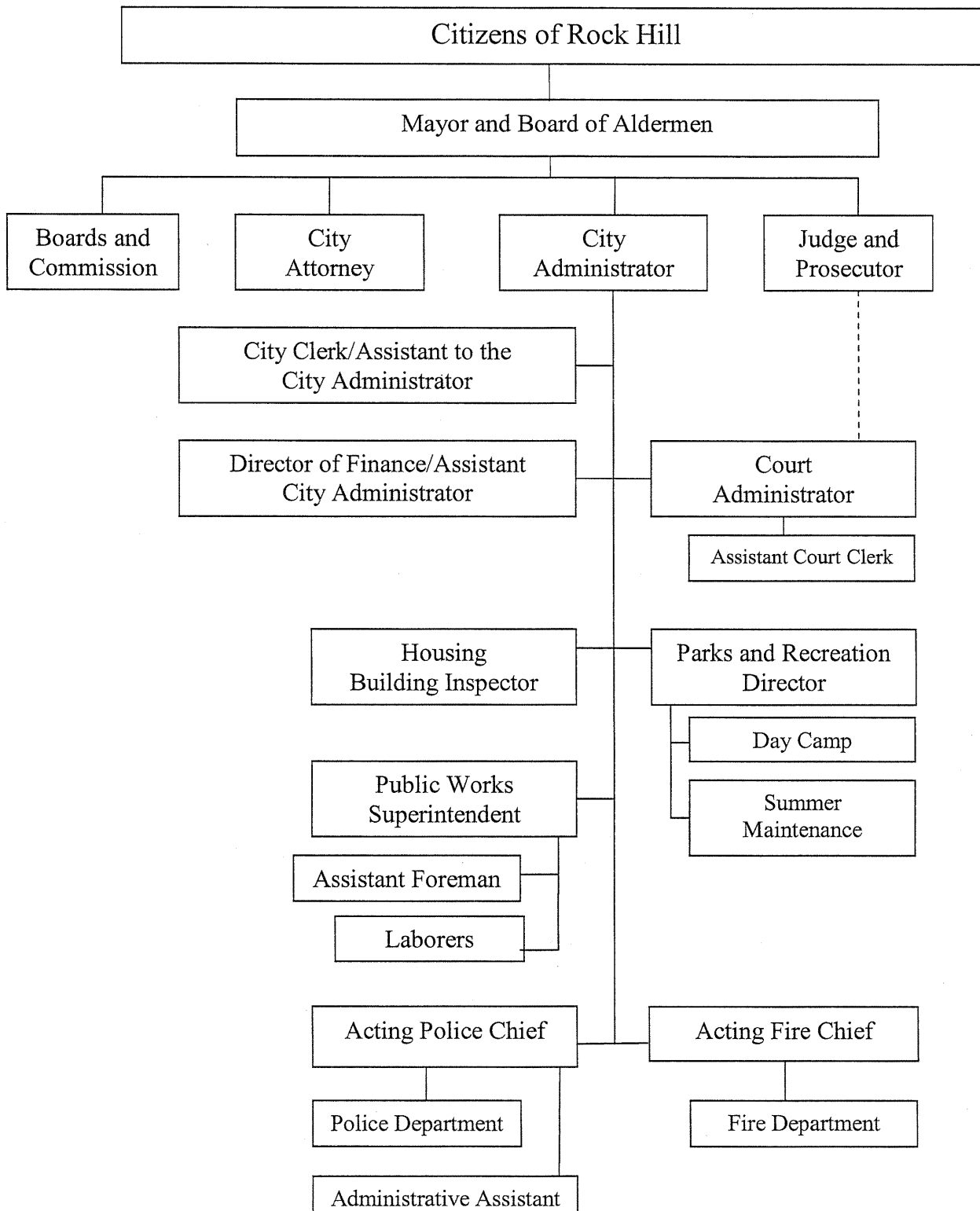
Position	Name	Term
Mayor	Julie Morgan	4/06-4/10
Alderman Ward 1	Edward Johnson	4/07-4/09
Alderman Ward 1	Philip Scherry	4/08-4/10
Alderman Ward 2	Edward Mahan	4/08-4/10
Alderwoman Ward 2	Sheri McCann	4/07-4/09
Alderman Ward 3	Timothy J. Redmond Jr.	4/08-4/10
Alderwoman Ward 3	Mary Wofford	4/07-4/09

Appointed Officials and Department Heads

Position	Name
City Administrator	George Liyeos, CM
Director of Finance/Assistant City Administrator	Ann Robertson
City Clerk/Assistant to the City Administrator	Jennifer Yackley
City Attorney	Ken Heinz
City Prosecutor	Stephen Jianakoplos
Judge	Mark Levitt
Acting Police Chief	Paul Arnett
Acting Fire Chief	Kevin Halloran
Court Administrator	Rita Lay
Building Inspector	C. Cummings (Neil) Cantwell
Park and Recreation Director	Al Hayden
Public Works Superintendent	Ron Meyer

CITY OF ROCK HILL, MISSOURI

ORGANIZATION CHART



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CITY OF ROCK HILL

9511 Manchester Road ♦ Rock Hill, MO 63119 ♦ (314)968-1410 ♦ Fax (314)9968-4843

August 19, 2008

The Honorable Mayor Julie Morgan,
Members of the Board of Aldermen, and the
Citizens of the City of Rock Hill, Missouri

We hereby present this Comprehensive Annual Financial Report (CAFR) for fiscal year ended March 31, 2008, for the City of Rock Hill, Missouri (the City) for your review. This report was prepared using U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by an independent firm of licensed certified public accountants.

The responsibility for the accuracy of the data and for its completeness and reliability, including all disclosures and schedules, rests with the City. To the best of our knowledge, the enclosed data is accurate in all material respects and presents fairly the financial position of the City. We further believe that all necessary information has been included to enable the reader to gain a reasonable understanding of the City's financial affairs.

The City's financial statements have been audited by Hochschild, Bloom & Company LLP, a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the year ended March 31, 2008, are free of material misstatement. Based on their audit, they concluded that there was a reasonable basis for rendering an unqualified opinion of the financial statements for the year ended March 31, 2008. They also concluded that the financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires 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 the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report.

Profile of the City

The City is located in St. Louis County and is approximately three miles west of the City of St. Louis, Missouri. The City covers approximately 1.1 square mile and serves 4,765 residents.

Mayor
ext 311

City Administrator
ext 310

Director of Finance
ext 364

Administrative Clerk
ext 413

The City was incorporated in 1929 as a fourth class city under Missouri statute. The City operates under a mayor-board-administrator form of government. The Board of Aldermen is comprised of six aldermen and a mayor. Two aldermen are elected from each of the City's three wards and serve two-year terms. The mayor, elected at large to serve a four-year term, is the presiding officer of the Board of Aldermen. The Mayor may vote in the event of a tie vote by the Board of Aldermen. In addition, one alderman is elected as Board President to act in the Mayor's behalf during her absence. The Board of Aldermen is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and appointing the city administrator and the city clerk. The city administrator is responsible for carrying out the policies and ordinances of the Board and for overseeing the day-to-day operations of the City.

The City has approximately 32 full-time and 9 seasonal employees and provides a range of municipal services including general administration, police protection, fire protection, municipal court, planning and zoning, public works, and parks and recreation.

The annual budget serves as the foundation for the City's financial planning and control. All of the departments of the City are required to submit request for funds to the city administrator who uses these requests as the basis for a proposed budget. The finance director develops estimates of revenues for the upcoming fiscal year which are also incorporated into the proposed budget. The city administrator, along with department heads, presents the proposed budget to the Mayor and Board of Aldermen who hold work sessions in addition to board meetings and adopt a budget by April 1. The budget is prepared by fund, department (e.g. police), and line item (e.g. office supplies). The city administrator has authority to transfer funds between line items within individual departments. Transfers of funds between departments require the approval of the Board of Aldermen. Budget-to-actual comparisons are provided in this report for each individual fund for which an annual budget was adopted. For the General Fund, this comparison is presented as part of the financial statements for the governmental funds.

Factors Affecting Financial Condition

The information presented in this report is best understood within a broader economic context.

Local Economy. The City is a suburban community located in St. Louis County with easy access to Interstate 64. The City has a mix of commercial, industrial, and residential property.

The City has a variety of housing within its borders. The majority of the housing was constructed post-World War II. However, new homes continue to be constructed on the remaining lots scattered throughout the City. Eight new homes were approved in the last year.

The City has a commercial corridor along Manchester Road that stretches most of the length of the City. Additionally, there are two industrial areas north and south of Manchester at Rock Hill Industrial Court.

Long-Term Financial Planning and Major Initiatives. The City has moved from a negative General Fund balance to a balance of \$1,842,593 over the last three years. The current goal is to maintain a General Fund balance of 30% of operating expenses so that City services are not adversely impacted by fluctuating economic conditions. The City receives its primary revenue from sales and utility taxes at 42% and 22% of revenues, respectively.

This heavy reliance on sales tax revenue has lead the City to approve two Tax Increment Financing (TIF) projects in the last fifteen years. The first TIF is the McKnight Crossing development and was completed in 1999 with 40,000 square feet of retail and commercial space. The second TIF includes 46 acres and the project is being done in two phases. During the last year phase one, Market at McKnight, was completed with 124,000 square feet of retail space. Phase two is expected to be under construction by the end of 2008 and will be a regional retail center anchored by a Target store. Phase two is expected to be completed in 2010. These projects will lead to increased sales tax revenue for the City so that it can maintain the current level of municipal services while being able to afford infrastructure improvements including street repair.

Cash Management Policies and Practices. Cash reserves and temporary idle funds are invested in accordance with the City's approved investment policy which is designed to maximize return while minimizing risk to capital.

Risk Management. The City is a member of a self-insurance risk pool (the St. Louis Area Insurance Trust - SLAIT), which is comprised of various municipalities in St. Louis County which share the cost of self-insurance. SLAIT provides coverage for workers' compensation, automotive liability, and property and casualty liability exposures.

Debt Management. At year-end the City had six debt issues outstanding. These issues include: General Obligation (GO) Bonds Series 2002 totaling \$2,330,000 for street repairs, certificates of participation (COPS) totaling \$476,750, TIF bonds totaling \$373,200 for McKnight Crossing, TIF notes totaling \$11,331,077 for Market at McKnight, \$101,397 in capital leases for vehicles, and \$132,671 in compensated absences. The GO bonds are paid with property tax revenues from a specially levied tax for this purpose contained in the Street Bond Special Revenue Fund. The TIF bonds are repaid with revenues generated by the site including economic activity taxes (EATS) and payments in lieu of taxes (PILOTS) which are contained in the McKnight Crossing Fund. TIF notes are held until the project is taken to the bond market for financing and then repaid through project EATS and PILOTS which are contained in the NW/SW Redevelopment Fund. Capital leases and compensated absences are paid with general revenue funds.

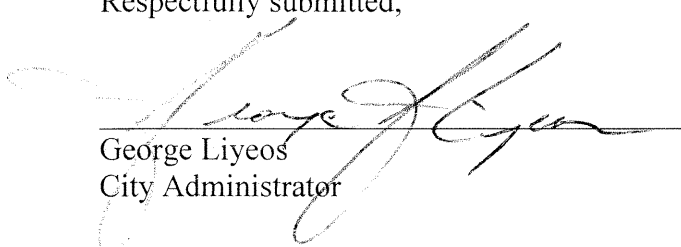
Pension. The City has two pension plans. The first is the Uniformed Employees of the City (UE). UE is a single-employer, defined benefit pension plan covering all uniformed, full-time employees of the Police and Fire Departments of the City hired before October 28, 2003. This plan is currently under funded. The City made a \$236,769 contribution in January 2008. Another contribution of the same amount is included in this year's budget. Further discussion of this plan is in Note D of the financial statements.

The second pension is the Missouri Local Government Employees Retirement System (LAGERS), a multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. The City covers all full-time employees with this plan. Police and Firefighters were transitioned to the LAGERS plan effective this year. The City contributes the full cost of participation for qualifying employees which was \$4,973 for the fiscal year covered in this report. Further discussion of this plan is in Note D of the financial statements.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated service of the Director of Finance and interns Angela Vogel and Scott Willer. We would like to express our appreciation to all members of the various City departments who assisted in the preparation of this report. We would also like to thank our auditors, Hochschild, Bloom & Company LLP, for their help in preparing this report. Credit also must be given to the Mayor and the Board of Aldermen for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



George Liyeos
City Administrator



Ann Robertson
Director of Finance/Assistant City Administrator

FINANCIAL SECTION

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Hochschild, Bloom & Company LLP

Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

August 19, 2008

Honorable Mayor and Board of Aldermen
CITY OF ROCK HILL, MISSOURI

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF ROCK HILL, MISSOURI** (the City) as of and for the year ended March 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of March 31, 2008, and the respective changes in financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

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- ☐ 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplemental information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, therefore, express no opinion thereon.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROCK HILL, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2008

As management of the City of Rock Hill, Missouri (the City), 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 March 31, 2008. We encourage readers to consider the information presented here along with the City's financial statements, including footnotes that follow this Management's Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis the liabilities of the City exceeded its assets for the most recent fiscal year by (\$10,101,363). The City has a deficit unrestricted net assets totaling (\$11,974,363) due to \$11,704,277 in TIF bonds and notes outstanding at year-end for infrastructure assets not owned by the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,423,727.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,794,822.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplemental information and other supplemental information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City in a manner similar to a private-sector business. Note that the government-wide financial statements exclude fiduciary fund activities.

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

The statement of activities presents information showing how the City'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 accrued vacation leave).

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

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008

services, public works, parks and recreation, housing, judicial, and economic development. The City does not operate any business-type activities.

The government-wide financial statements can be found on pages 12 and 13 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, 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 can be divided into two categories: governmental funds and fiduciary funds. The City has no proprietary (enterprise or internal service) 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 statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable 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 financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for three major funds: General Fund, Street Bond Fund, and NW/SW Redevelopment Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental funds". Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements in the other supplemental information section of this report.

The City adopts an annual appropriated budget for the General Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental funds financial statements can be found on pages 14 through 17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements 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 (which the City has none). The statement of

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008

fiduciary net assets and statement of changes in fiduciary net assets - Pension Trust Fund can be found on pages 18 and 19 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 38 of this report.

Required supplemental information. In addition to the basic financial statements and accompanying notes, certain required supplemental information can be found on pages 39 through 46 of this report.

Other supplemental information. The combining and individual fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplemental information. Combining and individual fund statements can be found on pages 47 through 53 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City presents its financial statements under the reporting model required by the Government Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The City's combined net assets (deficiency) decreased to (\$10,101,363) from a deficit of (\$9,699,030) or (4.1%) in the most recent fiscal year.

The City's condensed statement of net assets is as follows:

	<u>March 31</u>		<u>2008 Change</u>	
	<u>2008</u>	<u>2007</u>	<u>Amount</u>	<u>Percent</u>
ASSETS				
Current and other assets	\$ 2,673,693	1,855,432	818,261	44.1%
Capital assets, net	<u>4,168,050</u>	<u>3,386,930</u>	<u>781,120</u>	23.1
Total Assets	<u>6,841,743</u>	<u>5,242,362</u>	<u>1,599,381</u>	30.5
LIABILITIES				
Long-term liabilities	14,745,095	13,630,143	1,114,952	8.2
Current liabilities	<u>2,198,011</u>	<u>1,311,249</u>	<u>886,762</u>	67.6
Total Liabilities	<u>16,943,106</u>	<u>14,941,392</u>	<u>2,001,714</u>	13.4
NET ASSETS (DEFICIENCY)				
Invested in capital assets, net of related debt	1,736,653	936,930	799,723	85.4
Restricted	136,347	364,992	(228,645)	(62.6)
Unrestricted (deficit)	<u>(11,974,363)</u>	<u>(11,000,952)</u>	<u>(973,411)</u>	(9.0)
Total Net Assets (Deficiency)	<u>(\$10,101,363)</u>	<u>(9,699,030)</u>	<u>(402,333)</u>	(4.1%)

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008

The largest portion of the City's net assets, \$1,736,653 in 2008, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), 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'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.

An additional portion of the City's net assets, \$136,347 in 2008, represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, regulations or other governments, or restrictions imposed by law through constitutional provisions or legislation.

The remaining category of the City's net assets represents a deficit unrestricted net assets balance of (\$11,974,363) in 2008. This deficit is primarily the result of the balance of \$11,704,277 in TIF notes and bonds outstanding at year-end for infrastructure assets not owned by the City. The TIF notes and bonds are limited obligations of the City and are funded only by incremental revenues generated within the TIF district.

Governmental activities. Economic activity expense decreased due to reduced issuance of TIF notes. Tax revenue increased primarily due to telephone gross receipts settlement. Governmental activities decreased the City's net assets by (\$402,333). Key elements of this are as follows:

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008

	For The Years Ended March 31		2008 Change	
	2008	2007	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 572,364	533,536	38,828	7.3%
Operating grants and contributions	300,016	408,578	(108,562)	(26.6)
Capital grants and contributions	<u>151,300</u>	<u>-</u>	<u>151,300</u>	100.0
	1,023,680	942,114	81,566	8.7
General revenues:				
Taxes	3,872,031	3,405,725	466,306	13.7
Licenses	238,826	217,456	21,370	9.8
Investment income	49,898	28,987	20,911	72.1
Miscellaneous	<u>103,375</u>	<u>137,836</u>	<u>(34,461)</u>	(25.0)
Total Revenues	<u>5,287,810</u>	<u>4,732,118</u>	<u>555,692</u>	11.7
EXPENSES				
Administration	831,720	944,833	(113,113)	(12.0)
Police department	867,216	974,993	(107,777)	(11.1)
Fire department	735,159	715,554	19,605	2.7
Public works	512,210	523,213	(11,003)	(2.1)
Parks and recreation	121,133	129,643	(8,510)	(6.6)
Housing department	82,019	56,859	25,160	44.2
Municipal court	152,929	155,356	(2,427)	(1.6)
Economic development	1,266,583	3,628,898	(2,362,315)	(65.1)
Interest on long-term debt	<u>1,121,174</u>	<u>761,408</u>	<u>359,766</u>	47.3
Total Expenses	<u>5,690,143</u>	<u>7,890,757</u>	<u>(2,200,614)</u>	(27.9)
CHANGE IN NET ASSETS	(402,333)	(3,158,639)	2,756,306	87.3
NET ASSETS (DEFICIENCY), APRIL 1	<u>(9,699,030)</u>	<u>(6,540,391)</u>	<u>(3,158,639)</u>	(48.3)
NET ASSETS (DEFICIENCY), MARCH 31	<u>(\$10,101,363)</u>	<u>(9,699,030)</u>	<u>(402,333)</u>	(4.1%)

FINANCIAL ANALYSIS OF THE CITY'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, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008**

City'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.

At March 31, 2008, the City's combined fund balance was \$2,423,727, an increase of \$758,470 from 2007. Over 94% of the total amount (\$2,287,380) constitutes unreserved fund balance which is available for spending at the City's discretion.

During the year ended March 31, 2008, the fund balance in the City's General Fund increased by \$656,066 or 55% from the prior year fund balance. The change of the current year's fund balance is mainly due to a significant decrease in expenditures.

Changes in fund balances for other major governmental funds can be described as follows:

- The Street Bond Special Revenue Fund increased by \$69,345. This increase was mainly due to the completion of street improvements resulting in reduced capital outlay in the fund.
- The NW/SW Redevelopment Fund increased by \$55,564 due to increased property tax collections from new development.

Fiduciary funds. The City maintains an Agency Fund for monies received and held for the benefit of others from collection and release of monies for asset forfeiture. At March 31, 2008, cash in the Agency Fund equaled \$4,035 due to normal activity.

The City also maintains a fiduciary fund for the assets of the uniformed personnel through the Police and Firemen's Pension Trust Fund. As of the end of the current fiscal year ending March 31, 2008, the net assets of the Pension Trust Fund totaled \$1,367,888.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City has invested, net of accumulated depreciation, \$4,168,050 at March 31, 2008 in a broad range of capital assets, including park facilities, roads, buildings, machinery and equipment, automobiles, trucks, and infrastructure. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$781,120. The City purchased capital assets totaling \$925,899 during the fiscal year ended March 31, 2008. The City's capital assets, net of accumulated depreciation, consisted of:

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008

	March 31		2008 Change	
	2008	2007	Amount	Percent
Land	\$1,620,876	1,506,859	114,017	7.6%
Buildings and improvements	551,778	418,600	133,178	31.8
Vehicles	117,785	57,043	60,742	106.5
Equipment	45,748	46,737	(989)	(2.1)
Infrastructure	<u>1,831,863</u>	<u>1,357,691</u>	<u>474,172</u>	34.9
Total	<u>\$4,168,050</u>	<u>3,386,930</u>	<u>781,120</u>	23.1%

Additional information on the City's capital assets can be found in Note C in the notes to financial statements.

Long-term debt. At March 31, 2008, the City had total long-term debt obligations for governmental activities in the amount of \$14,745,095 compared to \$13,630,143 at March 31, 2007. The following is a summary of long-term debt:

	March 31		2008 Change	
	2008	2007	Amount	Percent
General obligation bonds	\$ 2,330,000	2,450,000	(120,000)	(4.9%)
Tax increment revenue bonds	373,200	513,200	(140,000)	(27.3)
Tax increment revenue notes	11,331,077	10,064,494	1,266,583	12.6
Certificates of participation	476,750	476,750	-	-
Capital lease	101,397	-	101,397	100.0
Compensated absences	<u>132,671</u>	<u>125,699</u>	<u>6,972</u>	5.5
Total	<u>\$14,745,095</u>	<u>13,630,143</u>	<u>1,114,952</u>	8.2%

GENERAL FUND BUDGETARY HIGHLIGHTS

The City amended the budget as follows:

- The administration department moved \$236,769 from capital outlay to employee pension to budget for an additional pension contribution.
- The fire department increased budgeted expenditures by \$148,149 mainly due to personnel services and capital outlay.
- The parks and recreation department increased expenditures \$450 for preschool expenditures.
- The police department transferred \$5,500 from capital outlay to operating expenditures to cover the costs of gasoline.

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year ended March 31, 2009, the City budgeted for various revenue increases. The largest increases were for sales tax due to the new developments and telephone gross receipts taxes due to the settlement of the lawsuit for cellular services.

The City budgeted for various expenditure increases which include pay raises, employee benefits, capital projects, and pension contributions.

In the NW/SW Redevelopment TIF Project, the south side has been completed and as the retail space fills up, the City is expecting more sales tax revenue. Construction on the north side will begin next year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Rock Hill
9511 Manchester Road
Rock Hill, MO 63119

CITY OF ROCK HILL, MISSOURI**STATEMENT OF NET ASSETS****MARCH 31, 2008**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,796,349
Receivables (net):	
Property tax	149,140
Municipal taxes	594,861
Intergovernmental	36,191
Other	8,729
Investments - restricted	88,423
Capital assets:	
Land	1,620,876
Other capital assets, net of accumulated depreciation	2,547,174
Total Assets	<u>6,841,743</u>
LIABILITIES	
Accounts payable	31,981
Accrued payroll	65,865
Accrued interest	1,814,407
Due to others	11,395
Plan deposits	27,363
Net pension obligation	247,000
Noncurrent liabilities:	
Due within one year	1,089,510
Due in more than one year	13,655,585
Total Liabilities	<u>16,943,106</u>
NET ASSETS (DEFICIENCY)	
Invested in capital assets, net of related debt	1,736,653
Restricted for:	
Debt service	88,576
Capital improvements	47,771
Unrestricted (deficit)	<u>(11,974,363)</u>
Total Net Assets (Deficiency)	<u><u>\$ (10,101,363)</u></u>

CITY OF ROCK HILL, MISSOURI

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2008

		Program Revenues			Net Revenues (Expenses) And Change In Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
FUNCTIONS/PROGRAMS	Expenses				
Governmental Activities					
Administration	\$ 831,720	-	-	-	(831,720)
Police department	867,216	506,678	1,010	-	(359,528)
Fire department	735,159	-	-	-	(735,159)
Public works	512,210	54,691	299,006	-	(158,513)
Parks and recreation	121,133	10,995	-	151,300	41,162
Housing department	82,019	-	-	-	(82,019)
Municipal court	152,929	-	-	-	(152,929)
Economic development	1,266,583	-	-	-	(1,266,583)
Interest on long-term debt	1,121,174	-	-	-	(1,121,174)
Total Governmental Activities	<u>\$ 5,690,143</u>	<u>572,364</u>	<u>300,016</u>	<u>151,300</u>	<u>(4,666,463)</u>
General Revenues					
Taxes:					
Property					838,915
Sales					1,983,143
Utility					1,027,268
Other					22,705
Licenses					238,826
Investment income					49,898
Miscellaneous					103,375
Total General Revenues					<u>4,264,130</u>
CHANGE IN NET ASSETS					(402,333)
NET ASSETS (DEFICIENCY), APRIL 1					<u>(9,699,030)</u>
NET ASSETS (DEFICIENCY), MARCH 31					<u>\$ (10,101,363)</u>

See notes to financial statements

CITY OF ROCK HILL, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2008

	<u>General Fund</u>	<u>Street Bond Fund</u>	<u>NW/SW Redevelopment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Govern- mental Funds</u>
ASSETS					
Cash and investments	\$ 1,325,242	119,381	172,231	179,495	1,796,349
Receivables:					
Property taxes	41,003	50,522	50,567	7,048	149,140
Municipal taxes	593,574	-	1,287	-	594,861
Intergovernmental	36,191	-	-	-	36,191
Other receivables	8,729	-	-	-	8,729
Due from other funds	9,168	-	-	3,589	12,757
Investments - restricted	-	-	-	88,423	88,423
Total Assets	<u>\$ 2,013,907</u>	<u>169,903</u>	<u>224,085</u>	<u>278,555</u>	<u>2,686,450</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 31,981	-	-	-	31,981
Accrued payroll	65,865	-	-	-	65,865
Deferred revenues	34,710	32,013	46,639	-	113,362
Due to others	11,395	-	-	-	11,395
Due to other funds	-	-	-	12,757	12,757
Plan deposits	27,363	-	-	-	27,363
Total Liabilities	<u>171,314</u>	<u>32,013</u>	<u>46,639</u>	<u>12,757</u>	<u>262,723</u>
Fund Balances					
Reserved for:					
Debt service	-	-	-	88,576	88,576
Capital improvements	47,771	-	-	-	47,771
Unreserved, reported in:					
General Fund	1,794,822	-	-	-	1,794,822
Special Revenue Funds	-	137,890	177,446	177,222	492,558
Total Fund Balances	<u>1,842,593</u>	<u>137,890</u>	<u>177,446</u>	<u>265,798</u>	<u>2,423,727</u>
Total Liabilities And Fund Balances	<u>\$ 2,013,907</u>	<u>169,903</u>	<u>224,085</u>	<u>278,555</u>	<u>2,686,450</u>

See notes to financial statements

CITY OF ROCK HILL, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
MARCH 31, 2008

Total Fund Balances - Governmental Funds	\$ 2,423,727
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$5,346,429 and the accumulated depreciation is \$1,178,379.	4,168,050
Net pension obligations are not financial resources and, therefore, are not reported in the governmental funds.	(247,000)
Some revenues are not available soon enough to pay for current expenditures and are not reported as revenues in the governmental funds.	113,362
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued compensated absences	(132,671)
Accrued interest payable	(1,814,407)
Lease payable	(101,397)
Bonds payable	(2,703,200)
Tax increment financing notes	(11,331,077)
Certificates of participation payable	<u>(476,750)</u>
Total Net Deficiency Of Governmental Activities	<u><u>\$ (10,101,363)</u></u>

CITY OF ROCK HILL, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	General Fund	Street Bond Fund	NW/SW Redevelopment Fund	Other Govern- mental Funds	Total Govern- mental Funds
REVENUES					
Property taxes	\$ 245,702	299,441	151,680	109,885	806,708
Gross receipts taxes	1,027,268	-	-	-	1,027,268
Licenses and permits	238,826	-	-	-	238,826
Intergovernmental	317,399	-	-	-	317,399
Sales tax	1,930,371	-	6,446	46,326	1,983,143
Fines and court costs	504,110	-	-	-	504,110
Investment income	42,430	-	607	6,861	49,898
Miscellaneous	266,422	857	60	58,344	325,683
Total Revenues	<u>4,572,528</u>	<u>300,298</u>	<u>158,793</u>	<u>221,416</u>	<u>5,253,035</u>
EXPENDITURES					
Current:					
Administration	759,758	-	2,978	4,389	767,125
Police department	826,711	-	-	9,889	836,600
Fire department	737,679	-	-	-	737,679
Public works	407,531	-	-	-	407,531
Parks and recreation	113,762	-	-	-	113,762
Housing department	78,184	-	-	-	78,184
Municipal court	154,126	-	-	-	154,126
Economic development	-	-	1,266,583	-	1,266,583
Capital outlay	900,097	-	-	71,199	971,296
Debt service:					
Principal	8,750	120,000	-	140,000	268,750
Interest	40,011	110,953	100,251	18,444	269,659
Total Expenditures	<u>4,026,609</u>	<u>230,953</u>	<u>1,369,812</u>	<u>243,921</u>	<u>5,871,295</u>
REVENUES OVER (UNDER)					
EXPENDITURES	<u>545,919</u>	<u>69,345</u>	<u>(1,211,019)</u>	<u>(22,505)</u>	<u>(618,260)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	110,147	-	-	-	110,147
Tax increment notes issued	-	-	1,266,583	-	1,266,583
Transfers in	-	-	-	171,950	171,950
Transfers out	-	-	-	(171,950)	(171,950)
Total Other Financing Sources (Uses)	<u>110,147</u>	<u>-</u>	<u>1,266,583</u>	<u>-</u>	<u>1,376,730</u>
NET CHANGE IN FUND BALANCES	<u>656,066</u>	<u>69,345</u>	<u>55,564</u>	<u>(22,505)</u>	<u>758,470</u>
FUND BALANCES, APRIL 1	<u>1,186,527</u>	<u>68,545</u>	<u>121,882</u>	<u>288,303</u>	<u>1,665,257</u>
FUND BALANCES, MARCH 31	<u>\$ 1,842,593</u>	<u>137,890</u>	<u>177,446</u>	<u>265,798</u>	<u>2,423,727</u>

See notes to financial statements

CITY OF ROCK HILL, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

Net Change In Fund Balances - Governmental Funds \$ 758,470

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental funds as expenditures, however, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold totaling \$925,899 exceeded depreciation (\$144,779) in the current period. 781,120

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. This is the net effect of these differences in the treatment of long-term debt.

Debt issued:

Tax increment financing notes	(1,266,583)
Capital lease	(110,147)

Repayments:

Bonds payable	260,000
Capital lease	8,750

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Increase in deferred revenues	34,775
-------------------------------	--------

Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes of these items are:

Increase in accrued compensated absences	(6,972)
Increase in accrued interest	(851,515)
Increase in net pension obligation	(10,231)

Change In Net Assets Of Governmental Activities	<u>\$ (402,333)</u>
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CITY OF ROCK HILL, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
MARCH 31, 2008

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash	\$ -	4,035
Investments:		
Money market funds	2,985	
Mutual funds	<u>1,364,903</u>	<u>-</u>
Total Assets	<u>1,367,888</u>	<u>4,035</u>
 LIABILITIES		
Deposits held for others	<u>-</u>	<u>4,035</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 1,367,888</u></u>	 <u><u>-</u></u>

CITY OF ROCK HILL, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUND
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Pension Trust Fund</u>
ADDITIONS	
Investment income:	
Dividends	\$ 91,732
Net depreciation in fair value of investments	(95,449)
Total Investment Income	(3,717)
Employer contributions	236,769
Total Additions	<u>233,052</u>
DEDUCTIONS	
Benefits paid	<u>230,646</u>
NET INCREASE	2,406
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, APRIL 1	<u>1,365,482</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, MARCH 31	<u><u>\$ 1,367,888</u></u>

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF ROCK HILL, MISSOURI** (the City) was incorporated on April 29, 1929. The City operates under a council-administrator form of government and provides the following services: public safety (police and fire), public works, parks and recreation, housing, judicial, and general administrative services.

The accounting policies and financial reporting practices of the City conform to U.S. generally accepted accounting principles as applied to governmental entities. The following is a summary of the more significant policies.

1. Reporting Entity

In evaluating the City as a reporting entity, management has addressed all component units for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. It has been determined that the City does not have a component unit.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements. Ma-

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements (Continued)

For individual governmental funds are reported as separate columns in the fund financial statements.

3. 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 are Pension Trust Fund financial statements. The Agency Fund's financial statements are reported using the accrual basis of accounting with no economic resources measurement focus. 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.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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, are recorded only when payment is due (i.e., matured).

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be 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 City.

The City reports the following major governmental funds:

General Fund -- The General Fund accounts for all activities except those required to be accounted for in another fund. Revenues in this fund are derived from taxes, fees, and other sources that are used for general ongoing government services such as parks, police, fire, public works, and administration.

Street Bond Fund -- The Street Bond Fund is used to account for the property tax revenues levied for the repayment of long-term debt principal, interest, and related costs.

NW/SW Redevelopment Fund -- The NW/SW Redevelopment Fund is used to account for tax increment financing revenue from the NW/SW redevelopment area.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types:

Pension Trust Fund -- The Pension Trust Fund is used to account for assets held in a trustee capacity for the City's eligible employees.

Agency Fund -- The Agency Fund (Asset Forfeiture) is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 and various other functions of the City. Eliminations 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.

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

4. Cash and Investments

The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. The City invests all temporary cash surpluses in certificates of deposit with various banks as authorized by Missouri state statute. Pension Funds may also invest in mutual funds. Investments are stated at fair value.

5. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements, net of accumulated depreciation. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets (Continued)

historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

The City has elected not to record the historical cost of infrastructure placed in service prior to April 1, 2004.

Depreciation is being computed on the straight-line method with no depreciation in the year placed in service, using asset lives as follows:

Assets	Years
Buildings and improvements	10 - 40
Vehicles	5 - 7
Equipment	7 - 25
Infrastructure	40

6. Compensated Absences

The City accrues compensated absences when vested. The current and noncurrent portions are recorded in the government-wide financial statements.

Vacations accrue to employees based on their anniversary date of employment and are limited to a maximum of ten days over the employee's yearly entitlement. Upon leaving employment of the City, an employee is entitled to payment for accrued vacation.

Compensatory time accrues to a maximum of 240 hours for Fire Fighters, 80 hours for Police Officers, and 40 hours for all other employees.

Sick leave accrues to a maximum of 480 hours for all employees except Fire Fighters and 648 hours for Fire Fighters. Upon leaving employment of the City, an employee is not entitled to payment for accrued sick leave.

7. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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 straight-line method. Bonds payable are reported net of applicable bond premium or discount.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Long-term Liabilities (Continued)

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

9. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, based on the assessed value of the property. Taxes are levied in September and are due and payable on or before December 31.

Property tax revenue is recognized to the extent it is collected within 60 days after year-end in the fund financial statements. Property taxes not collected within 60 days of year-end are deferred for fund financial statements but are recognized as revenue in the government-wide financial statements.

All property tax assessment, billing, and collection functions are handled by the St. Louis County government. Taxes collected are remitted to the City by the St. Louis County Collector (the County Collector) in the month subsequent to the actual collection date. Taxes held by the County Collector, if any, are included in property taxes receivable in the accompanying fund financial statements.

10. Allowance

Receivables are shown net of an allowance for uncollectibles of \$8,729.

11. Restricted Assets

Certain resources set aside for the payment of tax increment financing bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Due To/From Other Funds

Noncurrent portions of long-term interfund loans receivable (reported in “advances to” asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute “available spendable resources” since they are not a component of net current assets. Current portions of long-term interfund loans receivable (reported in “due from” asset accounts) are considered “available spendable resources” and are subject to elimination upon consolidation.

13. Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental fund types.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

14. Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

NOTE B - CASH AND INVESTMENTS

1. Deposits

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City’s bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City’s cash not insured by the Federal Deposit Insurance Corporation.

As of March 31, 2008, the City’s bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City’s name.

2. Investments

As of March 31, 2008, the City had the following investments:

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

<u>Investments</u>	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>Less Than One Year</u>	<u>Credit Risk</u>
Primary Government				
Money market funds	\$ 340,696	340,696	-	Not rated
Repurchase agreements	1,230,000	1,230,000	-	N/A
Certificates of deposit	<u>16,047</u>	<u>-</u>	<u>16,047</u>	N/A
Total Primary Government	<u>1,586,743</u>	<u>1,570,696</u>	<u>16,047</u>	
Fiduciary Funds				
Money market funds	2,985	2,985	-	Not Rated
Mutual funds	<u>1,364,903</u>	<u>1,364,903</u>	<u>-</u>	N/A
Total Fiduciary Investments	<u>1,367,888</u>	<u>1,367,888</u>	<u>-</u>	
Grand Total Investments	<u>\$2,954,631</u>	<u>2,938,584</u>	<u>16,047</u>	

Investments Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by pre-qualifying the financial institutions, brokers/dealers, and advisors with which the City will do business and diversifying the portfolio to reduce potential losses on individual securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing primarily in shorter term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City minimizes concentration of credit risk by diversifying the investment portfolio.

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets - governmental activities:

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

For The Year Ended March 31, 2008				
	Balance March 31 2007	Additions	Retirements/ Transfers	Balance March 31 2008
Governmental Activities				
Capital assets not being depreciated:				
Land	\$1,506,859	114,017	-	1,620,876
Capital assets being depreciated:				
Buildings and improvements	595,412	151,300	-	746,712
Vehicles	683,936	110,147	-	794,083
Equipment	178,610	12,998	-	191,608
Infrastructure	1,455,713	537,437	-	1,993,150
Total Capital Assets				
Being Depreciated	2,913,671	811,882	-	3,725,553
Less - Accumulated depreciation				
for:				
Buildings and improvements	176,812	18,122	-	194,934
Vehicles	626,893	49,405	-	676,298
Equipment	131,873	13,987	-	145,860
Infrastructure	98,022	63,265	-	161,287
Total Accumulated				
Depreciation	1,033,600	144,779	-	1,178,379
Total Capital Assets Being				
Depreciated, Net	1,880,071	667,103	-	2,547,174
Governmental Activities				
Capital Assets, Net	\$3,386,930	781,120	-	4,168,050

Beginning capital assets were adjusted by \$17,500 due to vehicles. A motorcycle was acquired using grant funds in 2005.

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

	For The Year Ended March 31, 2008
Governmental activities:	
Administration	\$ 7,954
Public works	101,840
Parks and recreation	6,797
Fire department	4,648
Police department	23,540
	<u>\$144,779</u>

NOTE D - EMPLOYEE RETIREMENT SYSTEMS

Missouri Local Government Employees Retirement System

1. Plan Description

The City's non-uniformed employees participate in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600 - 70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

2. Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 0.6% (general), 11.6% (police), and 12.0% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

3. Annual Pension Cost

For 2007, the City's annual pension cost of \$4,973 was equal to the required and actual contributions. The required contribution was determined as part of the February 28/29, 2005 and/or 2006 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; b) projected salary increases of 4% per year, compounded annually attributable to inflation; c) additional projected salary increases ranging from 0% to 6% per year, depending on age, attributable to seniority/merit; d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back zero years for men and zero years for women; and e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2007 was 15 years.

Three-year trend information follows:

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Missouri Local Government Employees Retirement System (Continued)

3. Annual Pension Cost (Continued)

<u>For The Plan Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2007	\$4,973	100%	\$ -
2006	4,412	100	-
2005	7,160	100	-

Schedule of funding progress follows:

<u>For The Actuarial Valuation Years Ended February 28/29</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Excess Actuarial Assets Over AAL</u>
2007	\$ 930,781	\$513,509	\$417,272
2006	1,035,746	628,810	406,936
2005	960,685	549,275	411,410

<u>For The Actuarial Valuation Years Ended February 28/29</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL As A Percentage Of Covered Payroll</u>
2007	181%	\$509,180	- %
2006	165	554,597	-
2005	175	550,825	-

Note: The above assets and AAL do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS' office in Jefferson City, MO.

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Plan for the Uniformed Employees of the City of Rock Hill

1. Plan Description

The Pension Plan for the Uniformed Employees of the City of Rock Hill (the Plan) is a single-employer, defined benefit pension plan covering all full-time employees of the Police and Fire Departments of the City hired before October 28, 2003. The Plan was created and governed by ordinance in accordance with state statutes. The Plan may be amended under the provisions of the original ordinance. The City contributes amounts to the Plan. The Plan provides retirement benefits based on service and salary with the City. The Plan also provides to the deceased member's spouse or children, based on the participant's service and salary with the City. The Plan is considered part of the City's financial reporting entity.

As of May 1, 2006 (the most recent actuarial valuation date), membership in the Plan is comprised of the following:

Retirees and beneficiaries currently receiving benefits and	
vested terminated employees	19
Active employees	12

Covered employees are vested in their Accrued Monthly Pension Benefit after 5 or more years of vesting service.

Covered employees who have attained the age of 60 years and have 20 years of vesting service shall be eligible for normal retirement benefits. Covered employees who have attained the age of 50 years and have 10 years of vesting service shall be eligible for early retirement benefits.

Participants who had not started receiving benefits by May 1, 2003 shall be eligible to receive 30% for their final average monthly compensation reduced by 1/20th for each year of benefit service at normal retirement less than 20 years plus a temporary benefit of 20% of final average monthly compensation reduced 1/20th for each year of benefit service at normal retirement less than 20 years. This temporary benefit shall be payable only until the participant reaches age 62.

Participants who were age 50 or had 15 years of service as of April 30, 2003 shall be eligible for 50% of their final average monthly compensation reduced by 1/20th for each year of benefit service at normal retirement less than 20 years.

Participants who were not age 50 or had 15 years of service as of April 30, 2003 and former participants who began receiving benefits prior to May 1, 2003 shall be eligible for 40% of their final average monthly compensation reduced 1/20th for each year of benefit service at normal retirement less than 20 years plus a temporary benefit of 10% of

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Plan for the Uniformed Employees of the City of Rock Hill (Continued)

1. Plan Description (Continued)

final average monthly compensation reduced 1/20th for each year of benefit service at normal retirement less than 20 years. This temporary benefit shall be payable only until the participant reaches age 62.

Final average compensation is defined as the participant's highest average five consecutive completed plan years' earnings prior to retirement or termination. Years of benefit service is defined as the number of full years of continuous service from the date of hire. The monthly normal retirement pension is payable for the life of the participant with 120 payments guaranteed

2. Annual Pension Cost

Annual pension costs for the Plan are shown in the trend information. There was an estimated net pension obligation of \$247,000 at March 31, 2008 since the City paid 100% of annual required contribution from 2007 during the year ended March 31, 2008.

3. Trend Information

Historical trend information about the Plan is presented herewith as required supplementary information. This information is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparison with other Public Employee Retirement Systems (PERS). Actuarial valuations were not performed for 2008, 2007, 2005, and 2004.

<u>For The Plan Years Ended May 1</u>	<u>Annual Pension Cost (APC)</u>	<u>Contribution</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	\$236,769	\$236,769	100%	\$ -
2003	129,450	-	-	N/A

Schedule of funding progress follows:

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Plan for the Uniformed Employees of the City of Rock Hill (Continued)

3. Trend Information (Continued)

For The Actuarial Valuation Years Ended May 1	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)
2006	\$1,352,194	\$3,112,009	(1,759,815)
2003	1,433,939	1,818,006	(384,067)

For The Actuarial Valuation Years Ended May 1	Funded Ratio	Annual Covered Payroll	UAAL As A Percentage Of Covered Payroll
2006	43.4%	\$569,486	309.0%
2003	78.9	888,400	43.2

Additional information as of the latest actuarial valuation follows:

Valuation date	May 1, 2006
Actuarial cost method	Aggregate cost method
Amortization method	Not Applicable - Aggregate cost method
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	5.5%
Projected salary increase	4.5%
Pre-retirement mortality	1983 Group Annuity Mortality Table
Inflation rate	-
Post-retirement benefit increase	-

NOTE E - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the St. Louis Area Insurance Trust (SLAIT), which is a not-for-profit, self-insurance risk pool formed by various St. Louis County municipalities to cover worker's compensation and general liability matters. The purpose of this trust is to distribute the cost of self-insurance over

NOTE E - RISK MANAGEMENT (Continued)

similar entities. In addition to insurance protection, the program provides risk management services with emphasis in loss control, claims administration, and management information services. SLAIT is fully funded by its member participants and employs an outside service company to process all claims.

SLAIT requires an annual premium payment by members to cover estimated claims payable and reserves for claims. The members of SLAIT have no legal interest in the assets, liabilities, or fund balances of SLAIT. However, the City is contingently liable to fund its pro rata share if any deficit incurred by SLAIT should SLAIT cease operation at some future date.

NOTE F - COMMITMENTS AND CONTINGENCIES

The City receives various grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The City is not aware of any noncompliance with federal or state provisions that might require the City to provide reimbursement.

All Missouri entities which have collected confiscation funds may be required to remit part or all of these funds to other governmental entities. There is no information presently available to project the impact, if any, on the City's financial position.

NOTE G - LONG-TERM DEBT

Long-term debt consists of the following:

General Obligation Bonds

	March 31
	<u>2008</u>
\$3,000,000 General Obligation Bonds for street improvements, Series 2002, due in annual installments through March 1, 2022, interest payable at 3% to 4.875%.	<u>\$2,330,000</u>

Debt service requirements for the bonds are as follows:

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

For The Years Ended March 31	General Obligation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 125,000	106,310	231,310
2010	130,000	101,498	231,498
2011	135,000	96,298	231,298
2012	140,000	90,830	230,830
2013	145,000	85,020	230,020
2014 - 2018	835,000	320,985	1,155,985
2019 - 2022	<u>820,000</u>	<u>102,375</u>	<u>922,375</u>
	<u>\$2,330,000</u>	<u>903,316</u>	<u>3,233,316</u>

Tax Increment Revenue Bonds

The City has tax increment revenue bonds which are special limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property, incremental increases in economic activity taxes in the project area, and monies on deposit in the Debt Service Reserve Fund. The bonds do not constitute a general obligation of the City. Bonds outstanding are as follows:

Tax Increment Revenue Bonds					
	<u>Date Issued</u>	<u>Date Of Maturity</u>	<u>Date Of Annual Payment</u>	<u>Original Amount</u>	<u>Balance March 31 2008</u>
McKnight Crossing	7-28-1999	12-1-2019	December 1	\$373,200	<u>\$373,200</u>

Tax Increment Revenue Notes

During the years ending March 31, 2008, 2007, and 2006, the City issued Tax Increment Revenue Notes, Series 2006, totaling \$11,331,077 for the purpose of paying a portion of the redevelopment project costs in connection with the "NW/SW Redevelopment Project". The tax increment revenue notes are considered a special limited obligation of the City. The City will make principal and interest payments on the tax increment revenue notes based on the incremental payments in lieu of taxes (PILOTS) and economic activity tax (EATS).

Since annual repayment amounts for the tax increment revenue notes will be determined based on future revenues, a schedule of debt service requirements to maturity cannot be established. The notes may be issued to an aggregate of \$11,600,000.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

Certificates of Participation

In October 2004, the City issued \$150,000 of certificates of participation for the purpose of providing funds to pay certain economic development costs within the City. The certificates of participation mature September 2008 and bear interest at 5.1%.

In October 2003, the City issued \$326,750 of certificates of participation for the purpose of providing funds to reimburse certain economic development costs within the City. The certificates of participation mature September 2008 and bear interest at 5.1%.

The following is a summary of the changes in the City's long-term debt:

	For The Year Ended March 31, 2008			Amounts
	Balance		Balance	Due
	March 31		March 31	Within
	2007	Additions	2008	One Year
General obligation bonds	\$ 2,450,000	-	2,330,000	125,000
Tax increment revenue bonds	513,200	-	373,200	373,200
Tax increment revenue notes	10,064,494	1,266,583	11,331,077	-
Certificates of participation	476,750	-	476,750	476,750
Capital lease	-	110,147	101,397	25,670
Compensated absences	<u>125,699</u>	<u>90,912</u>	<u>132,671</u>	<u>88,890</u>
	<u>\$13,630,143</u>	<u>1,467,642</u>	<u>14,745,095</u>	<u>1,089,510</u>

The general obligation bonds are to be liquidated by the Street Bond Special Revenue Fund. The tax increment revenue bonds are to be liquidated by the Debt Service Fund. The tax increment revenue notes are to be liquidated by the NW/SW Redevelopment Fund. The certificates of participation, capital lease, and compensated absences are to be liquidated by the General Fund.

Capital Lease

The City entered into a lease agreement for the acquisition of one police car and two public works trucks. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

	March 31
	2008
Assets:	
Equipment	\$110,147
Less - Accumulated depreciation	<u>22,029</u>
	<u>\$ 88,118</u>

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

A schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of March 31, 2008 is as follows:

<u>For The Ended</u> <u>Ended March 31</u>		
2009		\$ 30,588
2010		30,608
2011		30,488
2012		<u>20,392</u>
Total Minimum Lease Payments		112,076
Less - Amount representing interest		<u>10,679</u>
Present Value Of Minimum Lease Payments		<u>\$101,397</u>

NOTE H - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>March 31, 2008</u>
Nonmajor Funds	Nonmajor Funds	<u>\$171,950</u>

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

NOTE I - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>March 31</u> <u>2008</u>
General Fund	Nonmajor Funds	\$ 9,168
Nonmajor Funds	Nonmajor Funds	<u>3,589</u>
		<u>\$12,757</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - INTERFUND ASSETS/LIABILITIES (Continued)

the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending March 31, 2009.

NOTE J - UNRESTRICTED NET ASSET DEFICIT

The government-wide statement of net assets reflects an unrestricted net asset deficit of (\$11,727,363). This total is comprised of \$23,086 in unrestricted net assets deficit from operations and unrestricted net assets deficit resulting from the issuance of various TIF revenue bonds and notes \$11,704,277, which is for development not owned by the City.

The City's responsibility to repay the TIF revenue bonds and notes extends only to the incremental revenues generated by the TIF district. The TIF revenue bonds and notes are a special limited obligation of the City and are not used in calculating the City's debt limit.

NOTE K - RESTRICTED NET ASSETS

The government-wide statement of net assets reports \$136,347 of restricted net assets, of which \$47,771 is restricted by enabling legislation.

NOTE L - TAX INCREMENT REVENUES PLEDGED

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes issued to finance certain improvements in the City. The bonds and notes are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved area. Incremental taxes were projected to produce 100% of the debt service requirements over the life of the bonds and notes. Total principal and interest remaining on the bonds and notes is reported in Note G. For the current year, principal and interest paid and total incremental tax revenues were \$258,695 and \$316,425, respectively.

NOTE M - FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans* (GASB 45), establish accounting and financial reporting standards for postemployment benefits other than pensions. As part of a total compensation package, many governments offer postemployment benefit plans other than pensions such as healthcare, life insurance, and so forth. GASB 45 establishes standards for the measurement, recognition, and display of other postemployment benefit expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB 45 will be effective for the City for the fiscal year ending March 31, 2010. Management of the City has not yet completed its assessment of the statement.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE N - PRIOR PERIOD ADJUSTMENTS

The previously stated net assets have been adjusted as follows:

	<u>Governmental Activities</u>	<u>Pension Trust Fund</u>
Net assets (deficiency), March 31, 2007, as previously reported	(\$8,526,093)	1,298,399
Restatement for:		
Accrued interest payable	(953,668)	-
Capital assets	17,500	-
Net pension obligation	(236,769)	-
Pension assets	<u>-</u>	<u>67,083</u>
 Net Assets (Deficiency), March 31, 2007, As Restated	 (\$9,699,030)	 <u>1,365,482</u>

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Property Taxes	\$ 234,700	234,700	245,702	11,002
Gross Receipts Taxes				
Cable television	44,400	44,400	44,492	92
Electric	225,800	225,800	241,928	16,128
Gas	229,400	229,400	230,819	1,419
Telephone	116,300	116,300	468,100	351,800
Water	40,550	40,550	41,929	1,379
Total Gross Receipts Taxes	<u>656,450</u>	<u>656,450</u>	<u>1,027,268</u>	<u>370,818</u>
Licenses and Permits				
Auto personal property	12,100	12,100	12,871	771
Building permits	20,750	20,750	17,772	(2,978)
Liquor	7,150	7,150	7,493	343
Merchants' licenses	186,700	186,700	200,690	13,990
Total Licenses And Permits	<u>226,700</u>	<u>226,700</u>	<u>238,826</u>	<u>12,126</u>
Intergovernmental				
Cigarette tax	22,700	22,700	22,705	5
Gasoline tax	139,750	139,750	138,551	(1,199)
Motor vehicle tax	64,900	64,900	55,283	(9,617)
Road and bridge	85,700	85,700	100,860	15,160
Total Intergovernmental	<u>313,050</u>	<u>313,050</u>	<u>317,399</u>	<u>4,349</u>
Sales Tax	<u>1,950,350</u>	<u>1,950,350</u>	<u>1,930,371</u>	<u>(19,979)</u>
Fines and Court Costs	<u>476,950</u>	<u>476,950</u>	<u>504,110</u>	<u>27,160</u>
Investment Income	<u>12,800</u>	<u>12,800</u>	<u>42,430</u>	<u>29,630</u>
Miscellaneous				
Miscellaneous	32,000	32,000	98,805	66,805
Grant income	170,000	170,000	156,622	(13,378)
Parks and recreation	13,000	13,000	10,995	(2,005)
Total Miscellaneous	<u>215,000</u>	<u>215,000</u>	<u>266,422</u>	<u>51,422</u>
Total Revenues	<u>4,086,000</u>	<u>4,086,000</u>	<u>4,572,528</u>	<u>486,528</u>

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES				
Administration				
Personnel services:				
Salaries	245,430	245,430	219,790	(25,640)
Employee health insurance	24,342	24,342	29,008	4,666
Employee life insurance	1,910	1,910	1,661	(249)
Employee pension	12,576	249,345	251,108	1,763
Fitness program	240	240	40	(200)
Payroll taxes	16,022	16,022	15,619	(403)
Unemployment	6,000	6,000	6,640	640
Operating expenditures:				
Board and mayor	1,450	1,450	1,063	(387)
Codification	500	500	1,683	1,183
Communications	9,700	9,700	12,017	2,317
Dues	4,025	4,025	3,877	(148)
Election	1,500	1,500	1,726	226
Insurance and bonds	13,453	13,453	8,596	(4,857)
Miscellaneous	5,326	5,326	16,094	10,768
Rent	78,530	78,530	78,488	(42)
Planning services	-	-	494	494
Postage	3,700	3,700	3,464	(236)
Supplies and materials	5,600	5,600	3,168	(2,432)
Telephone	4,728	4,728	5,589	861
Training and education	7,800	7,800	10,065	2,265
Contracted services:				
Audit	15,700	15,700	13,000	(2,700)
Clerical	5,000	5,000	-	(5,000)
Employees	204	204	175	(29)
Legal	50,000	50,000	37,928	(12,072)
Other	22,818	22,818	38,465	15,647
Capital outlay:				
Equipment	302,431	65,662	89,045	23,383
Debt service:				
Interest	37,965	37,965	37,965	-
Total Administration	<u>876,950</u>	<u>876,950</u>	<u>886,768</u>	<u>9,818</u>
 Police Department				
Personnel services:				
Salaries	533,693	533,693	519,803	(13,890)
Clothing allowance	8,717	8,717	6,530	(2,187)
Employee health insurance	64,582	64,582	62,383	(2,199)
Employee life insurance	6,628	6,628	6,572	(56)
Employee pension	10,674	10,674	28,998	18,324

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Police Department (Continued)				
Personnel services (Continued):				
Fitness program	1,920	1,920	1,357	(563)
Payroll taxes	40,027	40,027	38,829	(1,198)
Contracted services:				
Consulting	8,891	8,891	7,726	(1,165)
Crossing guard	615	615	500	(115)
Dispatching	35,000	35,000	35,362	362
Rejis computer expenditure	17,081	17,081	17,019	(62)
Vehicle operation	31,450	36,950	50,518	13,568
Jail expenses	2,730	2,730	2,370	(360)
Operating expenditures:				
Dues	450	450	845	395
Insurance and bonds	34,690	34,690	29,110	(5,580)
Miscellaneous	2,569	2,569	3,899	1,330
Repairs and maintenance	458	458	474	16
Supplies and materials	2,325	2,325	2,857	532
Telephone	12,780	12,780	10,338	(2,442)
Training and education	-	-	1,221	1,221
Capital outlay:				
Equipment	6,720	1,220	-	(1,220)
Debt service:				
Principal	2,188	2,188	2,188	-
Interest	512	512	512	-
Total Police Department	<u>824,700</u>	<u>824,700</u>	<u>829,411</u>	<u>4,711</u>
 Fire Department				
Personnel services:				
Salaries	454,760	471,760	493,745	21,985
Clothing allowance	6,000	6,000	5,949	(51)
Fitness program	2,400	2,400	2,244	(156)
Employee health insurance	64,629	64,629	69,530	4,901
Employee life insurance	6,020	6,020	6,008	(12)
Employee pension	9,096	30,896	31,550	654
Payroll taxes	34,111	34,111	37,410	3,299
Contracted services:				
Dispatching	16,800	16,800	17,626	826
Employees	513	513	500	(13)
Operating expenditures:				
Dues	719	719	699	(20)
EMS supplies	1,000	1,000	1,123	123
Fire prevention	1,500	500	589	89

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Fire Department (Continued)				
Operating expenditures (Continued):				
Insurance and bonds	29,560	29,560	27,914	(1,646)
Miscellaneous	1,349	3,023	1,802	(1,221)
Protective clothing	4,264	4,264	4,086	(178)
Repairs and maintenance	2,700	2,700	2,615	(85)
Supplies and materials	1,000	1,000	899	(101)
Telephone	5,045	5,045	5,240	195
Training and education	4,959	3,459	2,264	(1,195)
Vehicle operation	15,000	26,000	25,886	(114)
Capital outlay:				
Department improvements	1,000	2,500	2,105	(395)
Fire fighting capital improvements	5,875	103,550	86,642	(16,908)
Total Fire Department	<u>668,300</u>	<u>816,449</u>	<u>826,426</u>	<u>9,977</u>
 Public Works				
Personnel services:				
Salaries	206,380	206,380	204,894	(1,486)
Clothing allowance	3,750	3,750	6,641	2,891
Employee health insurance	23,972	23,972	28,166	4,194
Employee life insurance	2,855	2,855	2,683	(172)
Employee pension	3,936	3,936	4,391	455
Payroll taxes	15,598	15,598	15,180	(418)
Operating expenditures:				
Beautification	300	300	-	(300)
Equipment rental	1,700	1,700	1,210	(490)
Insurance and bonds	13,384	13,384	11,221	(2,163)
Miscellaneous	556	556	999	443
Mosquito fogging	1,200	1,200	947	(253)
Repairs and maintenance	7,060	7,060	14,956	7,896
Rock and asphalt	20,000	20,000	7,571	(12,429)
Salt	20,445	20,445	18,519	(1,926)
Street lighting	39,000	39,000	35,896	(3,104)
Street signs	1,512	1,512	977	(535)
Street sweeping	1,200	1,200	1,338	138
Supplies and materials	8,485	8,485	6,188	(2,297)
Telephone	4,684	4,684	3,994	(690)
Traffic paint	490	490	-	(490)
Trash removal	1,620	1,620	1,447	(173)
Tree removal	6,000	6,000	1,110	(4,890)
Training and education	260	260	680	420
Utilities	28,000	28,000	25,417	(2,583)

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Public Works (Continued)				
Operating expenditures (Continued):				
Vehicle operation	15,188	15,188	12,747	(2,441)
Weed killer	630	630	359	(271)
Capital outlay:				
Street and sidewalk repairs	452,899	452,899	460,858	7,959
Debt service:				
Principal	6,562	6,562	6,562	-
Interest	1,534	1,534	1,534	-
Total Public Works	<u>889,200</u>	<u>889,200</u>	<u>876,485</u>	<u>(12,715)</u>
Parks and Recreation				
Personnel services:				
Salaries	89,210	89,210	84,566	(4,644)
Employee health insurance	3,463	3,463	3,580	117
Employee life insurance	846	846	888	42
Employee pension	1,273	1,273	1,436	163
Payroll taxes	6,825	6,825	6,462	(363)
Operating expenditures:				
Day camp	2,900	2,900	2,518	(382)
Fall festival	5,000	5,000	3,447	(1,553)
Insurance and bonds	5,798	5,798	5,195	(603)
Miscellaneous	1,160	1,160	654	(506)
Preschool	600	1,050	657	(393)
Special programs	1,900	1,900	1,299	(601)
Sports and recreation programs	2,300	2,300	816	(1,484)
Supplies and materials	1,700	1,700	168	(1,532)
Utilities	4,000	4,000	2,076	(1,924)
Capital outlay:				
Park improvements	170,000	170,000	151,300	(18,700)
Total Parks And Recreation	<u>296,975</u>	<u>297,425</u>	<u>265,062</u>	<u>(32,363)</u>
Housing Department				
Personnel services:				
Salaries	57,138	57,138	57,412	274
Clothing allowance	200	200	84	(116)
Employee health insurance	8,011	8,011	9,379	1,368
Employee life insurance	788	788	739	(49)
Employee pension	1,143	1,143	1,154	11
Payroll taxes	4,258	4,258	4,099	(159)

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Housing Department (Continued)				
Operating expenditures:				
Building demolition	3,180	3,180	-	(3,180)
Dues and subscriptions	300	300	170	(130)
Insurance and bonds	2,857	2,857	2,688	(169)
Miscellaneous	580	580	50	(530)
Nuisance fees	1,275	1,275	605	(670)
Office supplies	200	200	-	(200)
Telephone	600	600	516	(84)
Training and education	300	300	-	(300)
Vehicle operation	3,570	3,570	1,288	(2,282)
Total Housing Department	<u>84,400</u>	<u>84,400</u>	<u>78,184</u>	<u>(6,216)</u>
Municipal Court				
Personnel services:				
Salaries	99,741	99,741	95,860	(3,881)
Employee health insurance	14,342	14,342	16,037	1,695
Employee life insurance	1,080	1,080	1,080	-
Employee pension	1,515	1,515	1,863	348
Fitness program	480	480	439	(41)
Payroll taxes	7,457	7,457	6,968	(489)
Operating expenditures:				
Computer expenditure	17,037	17,037	18,645	1,608
Contracted services	-	-	84	84
Insurance and bonds	6,483	6,483	5,442	(1,041)
Miscellaneous	340	340	150	(190)
Supplies and materials	4,016	4,016	3,096	(920)
Telephone	1,600	1,600	1,556	(44)
Training and education	3,099	3,099	2,906	(193)
Vehicle operation	980	980	-	(980)
Capital outlay:				
Department improvements	980	980	-	(980)
Total Municipal Court	<u>159,150</u>	<u>159,150</u>	<u>154,126</u>	<u>(5,024)</u>
Total Expenditures	<u>3,799,675</u>	<u>3,948,274</u>	<u>3,916,462</u>	<u>(31,812)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 286,325</u>	<u>137,726</u>	656,066	<u>518,340</u>
FUND BALANCE, APRIL 1			<u>1,186,527</u>	
FUND BALANCE, MARCH 31			<u>\$ 1,842,593</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data:

- a. Formal budgetary integration is employed as a management control device during the year. This budget is adopted on a basis consistent with the City's basis of accounting, described previously.
- b. Unused appropriations lapse at the end of the year.
- c. Budget amounts may include budget amendments that were made during the year, if any.
- d. Board approval is required for budget amendments.
- e. The legal level of budgetary control is at the department level.
- f. A budget is adopted for the General Fund, Sewer Lateral Fund, and Police Training Fund.
- g. Proceeds of capital leases and related expenditures are not budgeted.

Expenditures Exceeded Appropriations

For the year ended March 31, 2008, expenditures exceeded appropriations in the administration department by \$9,818, the police department by \$4,711, and the fire department by \$9,977. These over expenditures were funded by greater than anticipated revenues of the General Fund.

OTHER SUPPLEMENTAL INFORMATION SECTION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of special revenue sources (other than special assessment, expendable trusts, or major capital projects) that are legally restricted to expenditures for special purposes.

Tax Increment Revenue Fund -- This fund is used to account for the accumulation of resources for, and the payment of, Tax Increment Refunding Revenue bonds' principal and interest.

Sewer Lateral Fund -- This fund is used to account for the accumulation of and the payment of the sewer lateral tax.

Police Training Fund -- This fund is used to account for the accumulation of and the payment of certain specified training funds.

Special Allocation Revenue Fund -- This fund is used to account for the accumulation of resources for, and the payment of, Tax Increment Refunding Revenue bonds' principal and interest.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs.

Debt Service Reserve Fund -- This fund is used to account for the amounts reserved according to the Tax Increment Refunding Revenue bond issue.

Debt Service Fund -- This fund is used to account for the accumulation of resources for the Tax Increment Refunding Revenue bonds' principal and interest.

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2008

	Special Revenue Funds				Debt Service Funds		Total Nonmajor Governmental Funds
	Tax Increment Revenue Fund	Sewer Lateral Fund	Police Training Fund	Special Allocation Revenue Fund	Debt Service Reserve Fund	Debt Service Fund	
ASSETS							
Cash and investments	\$ -	38,332	1,228	139,782	-	153	179,495
Receivables:							
Property taxes	5,579	1,469	-	-	-	-	7,048
Due from other funds	3,589	-	-	-	-	-	3,589
Investments - restricted	-	-	-	-	88,423	-	88,423
 Total Assets	 \$ 9,168	 39,801	 1,228	 139,782	 88,423	 153	 278,555
 LIABILITIES AND FUND BALANCES							
Liabilities							
Due to other funds	\$ 9,168	-	-	3,589	-	-	12,757
 Fund Balances							
Reserved for debt service	-	-	-	-	88,423	153	88,576
Unreserved, reported in:							
Special Revenue Funds	-	39,801	1,228	136,193	-	-	177,222
Total Fund Balances	-	39,801	1,228	136,193	88,423	153	265,798
 Total Liabilities And Fund Balances	 \$ 9,168	 39,801	 1,228	 139,782	 88,423	 153	 278,555

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>		<u>Total</u>
	<u>Tax</u>	<u>Sewer</u>	<u>Police</u>	<u>Special</u>	<u>Debt</u>	<u>Nonmajor</u>
	<u>Increment</u>	<u>Lateral</u>	<u>Training</u>	<u>Allocation</u>	<u>Service</u>	<u>Governmental</u>
	<u>Revenue</u>	<u>Fund</u>	<u>Fund</u>	<u>Revenue</u>	<u>Reserve</u>	<u>Funds</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
REVENUES						
Property taxes	\$ 109,885	-	-	-	-	109,885
Sales tax	46,326	-	-	-	-	46,326
Investment income	1,421	156	-	793	3,575	6,861
Miscellaneous	-	54,691	3,653	-	-	58,344
Total Revenues	<u>157,632</u>	<u>54,847</u>	<u>3,653</u>	<u>793</u>	<u>3,575</u>	<u>221,416</u>
EXPENDITURES						
Current:						
Administration	-	-	-	4,389	-	4,389
Police department	-	-	9,889	-	-	9,889
Capital outlay	-	71,199	-	-	-	71,199
Debt service:						
Principal	-	-	-	-	-	140,000
Interest	-	-	-	-	-	18,444
Total Expenditures	<u>-</u>	<u>71,199</u>	<u>9,889</u>	<u>4,389</u>	<u>-</u>	<u>243,921</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>157,632</u>	<u>(16,352)</u>	<u>(6,236)</u>	<u>(3,596)</u>	<u>3,575</u>	<u>(22,505)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	12,831	-	171,950
Transfers out	(162,542)	-	-	-	(7,945)	(171,950)
Total Other Financing Sources (Uses)	<u>(162,542)</u>	<u>-</u>	<u>-</u>	<u>12,831</u>	<u>(7,945)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(4,910)</u>	<u>(16,352)</u>	<u>(6,236)</u>	<u>9,235</u>	<u>(4,370)</u>	<u>(22,505)</u>
FUND BALANCES, APRIL 1	<u>4,910</u>	<u>56,153</u>	<u>7,464</u>	<u>126,958</u>	<u>92,793</u>	<u>288,303</u>
FUND BALANCES, MARCH 31	<u>\$ -</u>	<u>39,801</u>	<u>1,228</u>	<u>136,193</u>	<u>88,423</u>	<u>265,798</u>

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER LATERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Investment income	\$ 150	156	6
Miscellaneous	<u>55,600</u>	<u>54,691</u>	<u>(909)</u>
Total Revenues	55,750	54,847	(903)
 EXPENDITURES			
Capital outlay	<u>55,750</u>	<u>71,199</u>	<u>15,449</u>
 NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	(16,352)	<u><u>(16,352)</u></u>
 FUND BALANCE, APRIL 1		<u>56,153</u>	
 FUND BALANCE, MARCH 31		<u><u>\$ 39,801</u></u>	

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - POLICE TRAINING FUND
FOR THE YEAR ENDED MARCH 31, 2008

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Miscellaneous	\$ 4,500	3,653	(847)
EXPENDITURES			
Current:			
Police department	8,821	9,889	1,068
NET CHANGE IN FUND BALANCE	<u>\$ (4,321)</u>	(6,236)	<u>(1,915)</u>
FUND BALANCE, APRIL 1		<u>7,464</u>	
FUND BALANCE, MARCH 31		<u>\$ 1,228</u>	

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	Balance March 31 2007	Additions	Deductions	Balance March 31 2008
ASSET FORFEITURE				
ASSETS				
Cash	<u>\$ 4,518</u>	<u>17</u>	<u>500</u>	<u>4,035</u>
LIABILITIES				
Deposits held for others	<u>\$ 4,518</u>	<u>17</u>	<u>500</u>	<u>4,035</u>

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	56 - 60
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	61 - 67
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	68 - 71
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	72 - 73
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	74 - 76

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Prior to the fiscal year ended March 31, 2007, the City presented its financial statements on the cash basis of accounting.

CITY OF ROCK HILL, MISSOURI

NET ASSETS BY COMPONENT

LAST FOUR FISCAL YEARS

	March 31			
	2008	2007	2006	2005
<hr/>				
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 1,736,653	936,930	789,170	(1,063,327)
Restricted	136,347	364,992	88,548	87,782
Unrestricted (deficit)	<u>(11,974,363)</u>	<u>(11,000,952)</u>	<u>(7,418,109)</u>	<u>(250,972)</u>
 Total Governmental Activities Net Assets (Deficiency)	 \$ <u>(10,101,363)</u>	 <u>(9,699,030)</u>	 <u>(6,540,391)</u>	 <u>(1,226,517)</u>

Source: Basic Financial Statements

GASB 34 was implemented in 2005.

CITY OF ROCK HILL, MISSOURI**CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS**

	For The Years Ended March 31			
	2008	2007	2006	2005
EXPENSES				
Administration	\$ 831,720	944,833	985,619	1,124,631
Police department	867,216	974,993	1,120,582	1,237,179
Fire department	735,159	715,554	812,094	859,402
Public works	512,210	523,213	819,166	813,145
Parks and recreation	121,133	129,643	143,272	157,600
Housing department	82,019	56,859	79,883	68,321
Municipal court	152,929	155,356	146,994	160,568
Economic development	1,266,583	3,628,898	6,435,596	-
Interest on long-term debt	1,121,174	761,408	599,786	176,844
Total Expenses	<u>5,690,143</u>	<u>7,890,757</u>	<u>11,142,992</u>	<u>4,597,690</u>
PROGRAM REVENUES				
Charges for services:				
Administration	-	27,187	63,566	62,695
Police department	506,678	434,629	478,157	352,518
Public works	54,691	54,060	53,860	55,551
Parks and recreation	10,995	17,660	25,825	33,140
Operating grants and contributions	300,016	408,578	279,311	288,204
Capital grants and contributions	151,300	-	-	24,598
Total Program Revenues	<u>1,023,680</u>	<u>942,114</u>	<u>900,719</u>	<u>816,706</u>
NET REVENUES (EXPENSES)	<u>(4,666,463)</u>	<u>(6,948,643)</u>	<u>(10,242,273)</u>	<u>(3,780,984)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Taxes:				
Property	838,915	760,051	589,630	617,488
Sales	1,983,143	1,958,597	1,778,192	2,045,653
Utility	1,027,268	664,372	631,957	583,584
Other	22,705	22,705	22,705	22,705

(Continued)

CITY OF ROCK HILL, MISSOURI**CHANGES IN NET ASSETS (Continued)****LAST FOUR FISCAL YEARS**

	For The Years Ended March 31			
	2008	2007	2006	2005
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS (Continued)				
Licenses	238,826	217,456	205,477	211,971
Investment income	49,898	28,987	10,964	20,740
Miscellaneous	103,375	137,836	83,951	83,800
Gain on sale of capital assets	-	-	1,327,677	100,000
Total General Revenues And Other Changes In Net Assets	<u>4,264,130</u>	<u>3,790,004</u>	<u>4,650,553</u>	<u>3,685,941</u>
PRIOR PERIOD ADJUSTMENT CASH TO ACCRUAL BASIS	<u>-</u>	<u>-</u>	<u>277,846</u>	<u>-</u>
CHANGES IN NET ASSETS	<u><u>\$ (402,333)</u></u>	<u><u>(3,158,639)</u></u>	<u><u>(5,313,874)</u></u>	<u><u>(95,043)</u></u>

Source: Basic Financial Statements

GASB 34 was implemented in 2005.

CITY OF ROCK HILL, MISSOURI
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS

	March 31			
	2008	2007	2006	2005
General Fund:				
Reserved	\$ 47,771	272,174	-	-
Unreserved	<u>1,794,822</u>	<u>914,353</u>	<u>248,545</u>	<u>156,188</u>
Total General Fund	<u><u>\$ 1,842,593</u></u>	<u><u>1,186,527</u></u>	<u><u>248,545</u></u>	<u><u>156,188</u></u>
 All other governmental funds:				
Reserved	\$ 88,576	92,818	88,548	87,782
Unreserved, reported in:				
Special Revenue Funds	<u>492,558</u>	<u>385,912</u>	<u>268,403</u>	<u>411,040</u>
Total All Other Govern- mental Funds	<u><u>\$ 581,134</u></u>	<u><u>478,730</u></u>	<u><u>356,951</u></u>	<u><u>498,822</u></u>

Source: Basic Financial Statements

GASB 34 was implemented in 2005.

CITY OF ROCK HILL, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS

	For The Years Ended March 31			
	2008	2007	2006	2005
REVENUES				
Property taxes	\$ 806,708	736,411	589,630	617,488
Gross receipts taxes	1,027,268	664,372	631,957	583,584
Licenses and permits	238,826	217,456	205,477	211,971
Intergovernmental	317,399	312,420	302,048	271,841
Sales tax	1,983,143	1,958,597	1,778,160	2,068,358
Fines and court costs	504,110	434,629	478,157	352,518
Investment income	49,898	28,987	10,964	20,740
Miscellaneous	325,683	355,606	227,202	276,147
Total Revenues	<u>5,253,035</u>	<u>4,708,478</u>	<u>4,223,595</u>	<u>4,402,647</u>
EXPENDITURES				
Administration	767,125	621,512	891,707	1,098,076
Police department	836,600	943,711	1,124,094	1,216,820
Fire department	737,679	674,597	796,835	849,830
Public works	407,531	423,816	554,498	618,551
Parks and recreation	113,762	122,886	139,773	154,457
Housing department	78,184	56,646	78,230	68,321
Municipal court	154,126	144,851	146,994	160,568
Economic development	1,266,583	3,628,898	-	-
Capital outlay	971,296	206,343	2,031,751	1,520,271
Debt service:				
Principal	268,750	285,000	4,050,000	220,000
Interest	269,659	169,355	279,033	176,844
Total Expenditures	<u>5,871,295</u>	<u>7,277,615</u>	<u>10,092,915</u>	<u>6,083,738</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(618,260)</u>	<u>(2,569,137)</u>	<u>(5,869,320)</u>	<u>(1,681,091)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	110,147	-	-	-
Certificates of participation issued	-	-	-	150,000
Tax increment notes issued	1,266,583	3,628,898	-	-
Sale of capital assets	-	-	5,523,202	100,000
Transfers in	171,950	311,294	24,702	150,883
Transfers out	(171,950)	(311,294)	(24,702)	(150,883)
Total Other Financing Sources (Uses)	<u>1,376,730</u>	<u>3,628,898</u>	<u>5,523,202</u>	<u>250,000</u>
PRIOR PERIOD ADJUSTMENT				
CASH TO ACCRUAL BASIS	<u>-</u>	<u>-</u>	<u>296,604</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 758,470</u>	<u>1,059,761</u>	<u>(49,514)</u>	<u>(1,431,091)</u>
Debt service as a percentage of noncapital expenditures	10.9 %	6.4	51.8	8.4

Source: Basic Financial Statements

CITY OF ROCK HILL, MISSOURI
PROGRAM REVENUES BY FUNCTIONS/PROGRAMS
LAST FOUR FISCAL YEARS

FUNCTIONS/PROGRAMS	Program Revenues			
	2008	2007	2006	2005
Governmental activities:				
Administration	\$ -	27,187	63,566	62,695
Police department	507,688	434,629	478,157	358,881
Public works	353,697	343,775	333,171	327,392
Parks and recreation	162,295	136,523	25,825	67,738
Total Governmental Activities	<u>\$ 1,023,680</u>	<u>942,114</u>	<u>900,719</u>	<u>816,706</u>

GASB 34 was implemented in 2005.

CITY OF ROCK HILL, MISSOURI
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS

For The Years Ended March 31	Sales Tax	Property Taxes	Utility Taxes	Other	Total
2008	\$ 1,983,143	\$ 806,708	\$ 1,027,268	\$ 317,399	\$ 4,134,518
2007	1,958,597	736,411	664,372	312,420	3,671,800
2006	1,778,160	589,630	631,957	302,048	3,301,795
2005	2,045,643	617,488	583,584	294,556	3,541,271

GASB 34 was implemented in 2005.

CITY OF ROCK HILL, MISSOURI
SALES TAX REVENUES, GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS

For The Years Ended March 31	Regular Sales Tax (1)	Capital Improvement (2)	Parks (3)	Fire (4)	Total
2008	\$ 990,243	\$ 359,992	\$ 421,942	\$ 210,966	\$ 1,983,143
2007	981,733	354,087	415,442	207,335	1,958,597
2006	897,465	319,696	374,011	186,988	1,778,160
2005	1,026,163	369,732	433,381	216,367	2,045,643

(1) 1% implemented in 1970 with local option 0.25% implemented in 1993

(2) 0.5% implemented in 1995

(3) 0.5% implemented in 2004

(4) 0.25% implemented in 2001

The sales tax rate in the City is 7.575%, which includes 4.225% for the State of Missouri, 0.85% for St. Louis County, and 2.5% as the City's direct rate which is detailed above.

Given the limited number of businesses, it would not be possible to break out sales tax information on industries because of the confidentiality of individual businesses.

GASB 34 was implemented in 2005.

CITY OF ROCK HILL, MISSOURI
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS (1)
LAST TEN CALENDAR YEARS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
City of Rock Hill	0.6620	0.6670	0.6740	0.7530	0.8650	0.6730	0.3190	0.3600	0.3600	0.3600
Overlapping governments:										
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
St. Louis County	0.5580	0.5580	0.5580	0.5800	0.5800	0.5800	0.5800	0.5800	0.5800	0.5800
St. Louis Community College	0.2003	0.2233	0.2231	0.2368	0.2312	0.2320	0.2300	0.2400	0.2400	0.2400
Special School District	0.9084	0.8235	0.8399	0.9051	0.8640	0.8490	0.8350	0.6230	0.6200	0.6400
Metro Zoo	0.2330	0.2611	0.2654	0.2756	0.2260	0.2220	0.2220	0.2320	0.2270	0.2320
Sheltered Workshop	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850
Rock Hill Library	0.3550	0.3550	0.3600	0.3600	0.3600	0.3290	0.3220	0.3500	0.2000	0.2000
Metro Sewer District	0.0667	0.0687	0.0686	0.0690	0.0690	0.0690	0.0690	0.0700	0.0700	0.0700
Deer Creek Sewer	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Anti Pollution	-	-	-	-	-	-	0.0200	0.0200	0.0200	0.0200
Webster Groves School District	5.4489	5.4559	5.4549	4.7759	4.7689	4.6440	4.6100	4.9600	3.9000	3.9900

(1) Source - St. Louis County Collector (rates stated per \$100 assessed valuation)

CITY OF ROCK HILL, MISSOURI
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
LAST TEN CALENDAR YEARS

For The Years Ended December 31	Real Property	Personal Property	Railroads And Utilities	Total	
				Assessed Value	Estimated Actual Value
2007	\$ 88,977,720	\$ 11,667,290	\$ 875,818	\$ 101,520,828	\$ 457,557,223
2006	72,150,440	12,082,880	890,221	85,123,541	379,920,116
2005	72,635,730	11,560,260	887,662	85,083,652	379,177,619
2004	56,773,510	11,187,660	852,599	68,813,769	304,479,190
2003	58,162,470	11,777,473	799,640	70,739,583	310,213,940
2002	53,852,340	12,540,281	1,028,107	67,420,728	292,614,810
2001	53,850,150	12,581,418	1,080,985	67,512,553	292,895,418
2000	45,634,320	12,505,113	1,055,677	59,195,110	252,339,910
1999	44,717,550	10,908,994	1,057,841	56,684,385	243,316,026
1998	42,297,600	10,238,788	886,343	53,422,731	225,310,640

(1) Source: St. Louis County Assessor

CITY OF ROCK HILL, MISSOURI
PRINCIPAL TAXPAYERS (1)
CURRENT CALENDAR YEAR AND TEN YEARS AGO

Taxpayer	2007			1998		
	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value
Stanford Court Apartments, LLC	\$ 2,256,060	1	2.22 %	\$ -	-	%
Eighteen Investments, Inc.	1,560,910	2	1.54	-	-	-
McKnight Crossing	1,553,830	3	1.53	-	-	-
Rock Hill Partnership	1,272,030	4	1.25	698,080	4	1.31
Colonial Square Associates	1,069,150	5	1.05	-	-	-
Missouri American Water	1,017,230	6	1.00	-	-	-
GBC Enterprises	961,060	7	0.95	-	-	-
Market at McKnight (Novus)	874,170	8	0.86	-	-	-
Waltrust Properties, Inc.	588,130	9	0.58	-	-	-
Refrigeration Supplies, Inc.	521,500	10	0.51	-	-	-
Landside/Rock Hill Group, LLC	-	-	-	1,000,000	1	1.87
Quebecor Printing	-	-	-	896,650	2	1.68
AmerenUE	-	-	-	823,344	3	1.54
Sayers Printing Co.	-	-	-	698,080	5	1.31
McKnight Development, LLC	-	-	-	620,070	6	1.16
Manchester Speedway Co.	-	-	-	620,070	7	1.16
Stiver Lelah E Etal	-	-	-	301,950	8	0.57
Rodriguez Norberto G	-	-	-	264,640	9	0.50
Southwestern Bell Telephone Co.	-	-	-	257,641	10	0.48
	<u>\$ 11,674,070</u>		<u>11.49 %</u>	<u>\$ 6,180,525</u>		<u>11.58 %</u>

(1) Source: St. Louis County Assessor

CITY OF ROCK HILL, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy Year	Net Tax Levy (2)	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections	Total Tax Collections	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes (3)	Outstanding Delinquent Taxes As Percent Of Levy
2007	2006	\$ 514,536.83	\$ 460,202.21	89.44 %	\$ 90,996.84	\$ 551,199.05	107.13 %	\$35,025.16	6.81 %
2006	2005	500,602.68	404,754.59	80.85	62,363.44	467,118.03	93.31	11,566.66	2.31
2005	2004	500,483.24	446,128.47	89.14	110,671.61	556,800.08	111.25	4,970.02	0.99
2004	2003	580,588.29	464,730.51	80.04	52,017.76	516,748.27	89.00	2,492.93	0.43
2003	2002	447,482.42	395,220.76	88.32	21,195.48	416,416.24	93.06	3,144.29	0.70
2002	2001	212,294.01	190,875.30	89.91	21,585.70	212,461.00	100.08	31.47	0.01
2001	2000	209,846.08	189,963.48	90.53	21,530.76	211,494.24	100.79	-	-
2000	1999	200,581.55	181,339.82	90.41	21,547.84	202,887.66	101.15	-	-
1999	1998	190,373.82	169,931.50	89.26	16,482.97	186,414.47	97.92	-	-
1998	1997	180,139.78	164,924.69	91.55	27,314.69	192,239.38	106.72	-	-

(1) Source: St. Louis County Collector's office

(2) Originally adjusted for strikeouts and additions by St. Louis Board of Equalization after 1978.

(3) As of March 31, 2007

CITY OF ROCK HILL, MISSOURI
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT FISCAL YEARS

For The Years Ended March 31	Governmental Activities						Total Primary Government	Per Capita
	General Obligation Bonds	Tax Increment Revenue Bonds	Tax Increment Revenue Notes	Certificates Of Participation	Capital Lease	Note Payable		
2008	\$ 2,330,000	\$ 373,200	\$ 11,331,077	\$ 476,750	\$ 101,397	\$ -	\$ 14,612,424	\$ 3,140
2007	2,450,000	513,200	10,064,494	476,750	-	-	13,504,444	2,902
2006	2,565,000	683,200	6,435,596	476,750	-	-	10,160,546	2,167
2005	2,680,000	818,200	-	4,276,750	-	-	7,774,950	1,653
2004	2,790,000	928,200	-	4,126,750	-	-	7,844,950	1,652
2003	2,895,000	1,038,200	-	-	-	-	3,933,200	825
2002	3,000,000	1,163,200	-	-	17,450	37,116	4,217,766	891
2001	-	1,373,200	-	-	33,055	83,185	1,489,440	313

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements. Data was unavailable prior to 2001.

CITY OF ROCK HILL, MISSOURI
PLEDGED REVENUE COVERAGE
LAST SIX FISCAL YEARS

TIF Revenue Bonds (1)

For The Years Ended March 31	Sales Tax Revenues	Property Tax Revenues	Investment Income	Less Operating Expenditures	Net Available Revenues	Debt Service Expenses		Coverage (3)
						Principal	Interest	
2008	\$ 46,326	\$ 109,885	\$ 6,705	\$ 4,389	\$ 158,527	\$ 140,000	\$ 18,444	100.05 %
2007	46,226	106,057	3,958	-	156,241	170,000	14,219	84.81
2006	48,489	105,057	3,522	1,402	155,666	135,000	24,063	97.86
2005	53,141	93,610	1,368	2,769	145,350	110,000	31,250	102.90
2004	87,451	90,723	780	5,429	173,525	110,000	38,125	117.15
2003	87,094	86,724	2,214	5,530	170,502	125,000	42,812	101.60

Certificates Of Participation (2)

For The Years Ended March 31	General Fund Revenues	General Fund Expenditures	Other Financing Sources (Uses)	Net Available Revenues	Debt Service		Coverage (3)
					Principal	Interest	
2008	\$ 4,574,550	\$ 4,029,112	\$ 110,147	\$ 655,585	\$ -	\$ 37,965	1,726.81 %
2007	4,110,414	3,172,432	-	937,982	-	40,536	2,313.95
2006	3,750,651	9,462,231	5,523,202	(188,378)	3,800,000	136,804	(4.79)
2005	3,898,245	4,493,108	250,000	(344,863)	-	24,128	(1,429.31)
2004	3,871,546	8,274,493	4,126,750	(276,197)	-	241,382	(114.42)

(1) In 1999 the City issued \$1,373,200 in Tax Increment Financing Revenue Bonds for the McKnight Crossing Project. Data was unavailable prior to 2003.

(2) During the year ended March 31, 2004, the City issued \$3,800,000 and \$326,750 of certificates of participation. In October 2004 the City issued an additional \$150,000 of certificates of participation.

(3) Coverage made with funds from previous years used for principle and interest payments.

CITY OF ROCK HILL, MISSOURI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
MARCH 31, 2008

<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share Of Overlapping Debt</u>
St. Louis County	\$ 78,010,000	0.50 %	\$ 390,050
Webster Groves School District	41,880,100	17.00	7,119,617
	<u>119,890,100</u>		<u>7,509,667</u>
City direct debt	<u>2,330,000</u>	100.00 %	<u>2,330,000</u>
Total Direct And Overlapping Debt	<u>\$ 122,220,100</u>		<u>\$ 9,839,667</u>

Source: Information was obtained by contacting the Taxing Jurisdiction and the St. Louis County Collector's office. The percentage applicable to the City is based on the jurisdiction's assessed value within the boundaries of the City.

CITY OF ROCK HILL, MISSOURI
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	March 31									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Debt limit	\$ 10,152,083	8,512,354	8,508,365	6,881,377	7,073,958	6,742,073	6,751,255	5,919,511	5,668,439	5,342,273
Net debt applicable to limit	<u>2,330,000</u>	<u>2,450,000</u>	<u>2,565,000</u>	<u>2,680,000</u>	<u>2,790,000</u>	<u>2,895,000</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 7,822,083</u>	<u>6,062,354</u>	<u>5,943,365</u>	<u>4,201,377</u>	<u>4,283,958</u>	<u>3,847,073</u>	<u>3,751,255</u>	<u>5,919,511</u>	<u>5,668,439</u>	<u>5,342,273</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	22.95 %	28.78	30.15	38.95	39.44	42.94	44.44	-	-	-

Note: Bonded indebtedness is limited by Sections 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

CITY OF ROCK HILL, MISSOURI
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

For The Years Ended March 31	Population (1)	Median Household Income (2)	Per Capita Income (1)	Webster Groves School District Enrollment	Unemployment Rate (2)
2008	4,653	\$ 47,869	\$ 25,803	4,132	NA
2007	4,653	47,869	25,803	4,068	4.4
2006	4,689	47,869	25,803	4,068	4.2
2005	4,703	47,869	25,803	4,126	4.7
2004	4,748	47,869	25,803	4,184	5.0
2003	4,766	47,869	25,803	4,141	4.8
2002	4,736	47,869	25,803	4,148	4.3
2001	4,760	47,869	25,803	4,167	3.6
2000	4,807	42,031	18,563	4,201	2.6
1999	4,854	42,031	18,563	4,277	2.3

(1) Source: U.S. Bureau of Census

(2) Source: Missouri Department of Economic Development

CITY OF ROCK HILL, MISSOURI

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	<u>2008</u>		<u>1999</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Woodward Cleaning & Restoration, Inc.	119	1	NA	NA
Hacienda Mexican Restaurant	98	2		
W. Schiller & Co., Inc.	75	3		
RSI Kitchen and Bath	61	4		
Millman Lumber Co.	59	5		
Stein Mart	50	6		
City of Rock Hill	32	7		
Walgreens	30	8		
Froesel Tire Service Company	24	9		
Television Engineering Corp.	21	10		
	<u>569</u>		<u>-</u>	

Source: The above named companies.

Note: Employment figures prior to 2008 cannot be obtained by the City.

CITY OF ROCK HILL, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	Full-Time Equivalent Employees As Of March 31									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government:										
Administration	3	3	4	4	4	4	5	5	4	4
Police department	10	10	10	10	13	16	16	15	13	12
Fire department	10	10	10	11	11	11	11	11	11	11
Public works	5	5	7	6	5	5	5	4	4	3
Parks and recreation	1	3	3	3	5	4	4	4	4	4
Housing department	1	1	1	1	-	1	1	1	1	1
Municipal court	2	2	2	3	3	3	3	3	2	2

CITY OF ROCK HILL, MISSOURI
OPERATING INDICATORS BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	As Of March 31									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Police department:										
Average number of calls per month	5,068	5,539	NA	NA	NA	NA	NA	NA	NA	NA
Average number of arrests per month	290	329	278	279	329	412	457	379	575	662
Number of crime incidences reported	568	612	625	715	823	797	850	750	995	1,251
Fire department:										
Average number of fire calls per month	767	932	836	853	754	691	568	555	559	531
Housing/building inspections:										
Number of permits:										
Driveways	18	35	20	NA	NA	NA	NA	NA	NA	NA
Fences	4	9	NA	NA	NA	NA	NA	NA	NA	NA
Residential	8	22	NA	NA	NA	NA	NA	NA	NA	NA
Commercial	99	264	287	NA	NA	NA	NA	NA	NA	NA
Cost of construction (1):										
Building (decks, porches, roofs, garages)	\$ 64,445	\$ 73,150	\$ 86,502	NA	NA	NA	NA	NA	NA	NA
Driveways	\$ 14,165	\$ 17,361	NA	NA	NA	NA	NA	NA	NA	NA
Fences	\$ 17,000	\$ 35,000	NA	NA	NA	NA	NA	NA	NA	NA
Residential	\$ 808,264	\$ 3,814,686	\$ 3,790,743	NA	NA	NA	NA	NA	NA	NA
Commercial	\$ 1,217,046	\$ 902,082	\$ 9,970,704	NA	NA	NA	NA	NA	NA	NA
Finance and administration:										
Business licenses issued (August 1)	60	67	65	NA	NA	NA	NA	NA	NA	NA
Merchant licenses issued (August 1)	104	101	99	NA	NA	NA	NA	NA	NA	NA
Liquor licenses issued (July 1)	18	15	14	NA	NA	NA	NA	NA	NA	NA

(1) Estimates based on data provided by applicants

CITY OF ROCK HILL, MISSOURI
CAPITAL ASSETS STATISTICS BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	As Of March 31									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Parks and recreation:										
Number of parks	7	7	7	7	7	6	5	5	5	5
Acres of parks	12	12	12	12	12	11	11	11	11	11
Number of tennis courts	6	6	6	6	6	6	6	6	6	6
Miles of trails	1	1	1	1	1	1	1	1	1	1
Number of ball fields	2	2	2	2	2	2	2	2	2	2
Fire department:										
Vehicles (including fire trucks)	4	4	4	4	4	4	4	4	4	4
Police department:										
Vehicles	8	8	8	8	9	NA	NA	NA	NA	NA
Public works:										
Vehicles	6	7	6	NA	5	NA	NA	NA	NA	NA
Area of City (square miles)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Miles of streets	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5
Number of streets	88	88	88	88	88	87	87	87	87	87
Number of street lights	335	335	335	335	335	335	335	335	335	335
Housing/building inspector:										
Vehicles	1	1	1	1	2	1	1	1	1	1
Other City owned property:										
Public works facility	1	1	1	1	1	1	1	1	1	1
City hall facilities (buildings)	-	-	2	2	2	2	2	2	2	2
Park/pre-school building	1	1	1	1	1	1	1	1	1	1
Other property (parcels)	8	8	8	3	3	3	3	3	3	3

INTERNAL CONTROL AND COMPLIANCE SECTION



Hochschild, Bloom & Company LLP

Certified Public Accountants

Consultants and Advisors

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

August 19, 2008

Honorable Mayor and Board of Aldermen
CITY OF ROCK HILL, MISSOURI

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF ROCK HILL, MISSOURI** (the City) as of and for the year ended March 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 19, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated August 19, 2008.

This report is intended solely for the information and use of management and applicable regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS