

# Comprehensive Annual Financial Report

For Fiscal Year Ended  
March 31, 2018



Oakhaven Tennis Court Improvements

Drone Photography Courtesy of Weis Design Group

## City of Rock Hill, Missouri

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# **CITY OF ROCK HILL, MISSOURI**

Comprehensive Annual Financial Report  
For The Fiscal Year Ended March 31, 2018

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Prepared by:  
Jennifer Yackley, City Administrator  
and  
Sandra Stephens, Treasurer

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**CITY OF ROCK HILL, MISSOURI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**City of  
Rock Hill**

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**Introductory Section**

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**CITY OF ROCK HILL, MISSOURI**  
**PRINCIPAL CITY OFFICIALS**

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**Elected Officials (As of Report Date)**

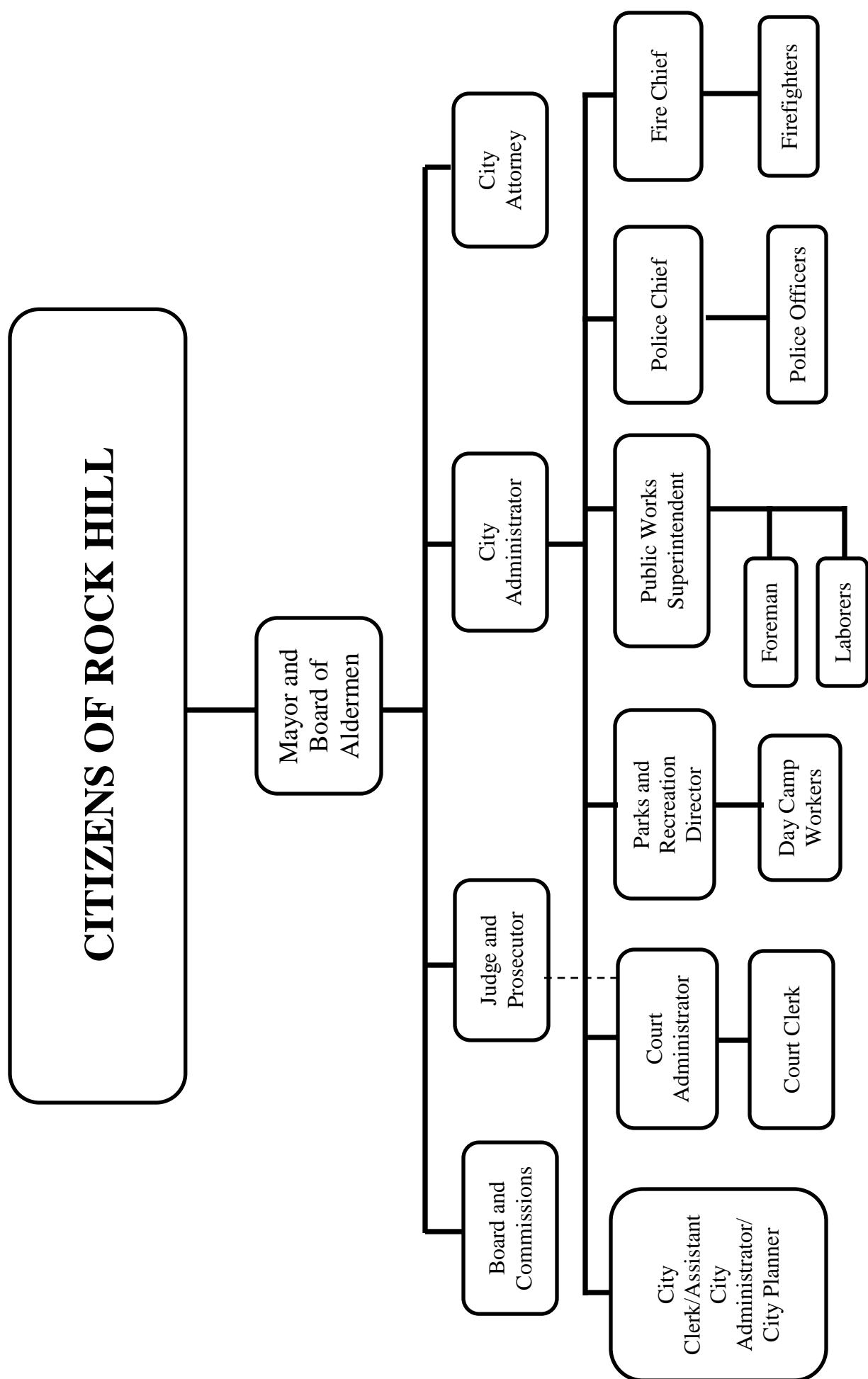
<b><u>Position</u></b>	<b><u>Name</u></b>	<b><u>Term</u></b>
Mayor	Edward Mahan	4/14 – 4/18
Alderman Ward 1	Philip Sherry	4/16 – 4/18
Alderman Ward 1	Edward Johnson	4/17 – 4/19
Alderman Ward 2	James Killion, IV	4/16 – 4/18
Alderwoman Ward 2	Sabrina Westfall	4/17 – 4/19
Alderman Ward 3	Robert Weider	4/16 – 4/18
Alderwoman Ward 3	Mary Wofford	4/17 – 4/19

**Appointed Officials and Department Heads**

<b><u>Position</u></b>	<b><u>Name</u></b>
City Administrator	Jennifer Yackley
Treasurer	Sandra Stephens
City Clerk/Court Administrator	Amy Perrin
City Attorney	Paul Martin
City Prosecutor	Stephen Jianakoplos
Judge	Mark Levitt
Police Chief	Donald Wickenhauser
Fire Chief	Kevin Halloran
Park and Recreation Director	Al Hayden
Public Works Superintendent	Ron Meyer

**CITY OF ROCK HILL, MISSOURI  
ORGANIZATION CHART**

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Rock Hill  
Missouri**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**March 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

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# CITY OF ROCK HILL

827 N. Rock Hill Road • Rock Hill, MO 63119 • (314) 968-1410 • Fax (314) 968-4843

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August 29, 2018

The Honorable Mayor Edward Mahan,  
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, 2018, 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.

This report is the City's management representations concerning the finances of the City and, therefore, management assumes full responsibility for the completeness and reliability of all information presented in this report. The City's Administration Department prepared this report and believes that the financial statements, supporting schedules, and statistical information fairly present the financial position of the City. We further believe that all presented data is accurate in all aspects and that all necessary disclosures have been included to enable the reader to gain a reasonable understanding of the City's financial affairs. To provide a reasonable basis for making these representations management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. This internal control structure is designed to provide a reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits require estimates and judgments by management.

The City's financial statements have been audited by Fick, Eggemeyer & Williamson Certified Public Accountants PC 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, 2018, are free of material misstatement. Based on their audit, they concluded that there was a reasonable basis for rendering an unmodified opinion of the financial statements for the year ended March 31, 2018. 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 4,635 residents.

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 his 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 35 full-time and 7 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 requests for funds to the City Administrator who uses these requests as the basis for a proposed budget. The City Treasurer 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. In the last few years the city has seen an uptick in new home construction. The city saw the construction of 7 new houses between April 1, 2017 and March 31, 2018. The city recently approved the plans for a new subdivision of 10 houses. Many of the new houses are replacing older, neglected houses in the city.

The City has a commercial corridor along Manchester Road that stretches most of the length of the City. Eight new businesses opened last year including: Rock Hill Dentistry, Bouyant Float Spa, Reliance Bank, Smoothie King and Olympiad Gymnastics.



Additionally, there are two industrial areas north and south of Manchester at Rock Hill Industrial Court. The two largest companies in the industrial area are Millman Lumber and Woodard Cleaning and Restoration. Both companies have been in the city for many years and are economically stable.

**Long-term Financial Planning and Major Initiatives.** In recent years the City has improved the General Fund unassigned fund balance; however, in Fiscal Year 2018 the City used \$105,669 in fund balance. The ending unassigned fund balance is \$1,696,908 which is 54% of Fiscal Year 2018 budgeted expenditures. The policy goal is to maintain a General Fund balance of 30% of operating expenditures so that City services are not adversely impacted by fluctuating economic conditions. The City receives its primary revenue from sales, property and utility taxes at 43%, 26% and 12% of revenues, respectively.

The Board of Aldermen has approved two Tax Increment Financing (TIF) projects in the last fifteen years designed to improve sales tax revenues for the City. The first TIF is the McKnight Crossing development and was completed in 1999 with 40,000 square feet of retail and commercial space. December 1, 2012, the McKnight Crossing TIF revenue bonds were retired in full and the TIF district was terminated. The second TIF includes 46 acres split north and south of Manchester Road west of the McKnight intersection. The project is being done in two phases. Phase one (SW TIF), Market at McKnight, has 127,300 square feet of retail space and was substantially completed in 2008. The Market at McKnight continues to be fully leased and is a popular destination for shoppers in the area. Phase two (NW TIF), was completed in 2012 and is occupied by a CVS Pharmacy.

One of the City's major initiatives continues to be street repair work. The city created a 10-Year Infrastructure Plan to guide street repair decisions. The plan is designed to allow one major street project per year on a rotating cycle through the city's three wards. During the 17/18 fiscal year, the major project occurred on County Hills Dr. in Ward 2. The focus of the work was to not only repair the road but also address the flooding issues. The current budget calls for \$437,000 worth of street work.

This past year has been focused on the construction of the new city hall, fire station, and police station. Construction began in June 2017 and the city expects to move into the new buildings in August 2018.

**Financial Policies.** The City contracts with the City of Kirkwood for all of the duties associated with the City's Finance Department. This arrangement gives the City access to a larger Finance Department Staff while still maintaining the level of professionalism and financial knowledge. The partnership has resulted in a reorganized budget, streamlined processing for court bonds and a review of financial policies.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended March 31, 2017. This was the ninth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual

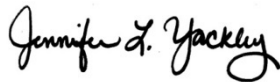
financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated service of the City Treasurer. 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, Fick, Eggemeyer & Williamson Certified Public Accountants PC, 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,



Jennifer Yackley  
City Administrator



Sandra Stephens  
City Treasurer

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**City of  
Rock Hill**

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**Financial Section**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Alderman  
City of Rock Hill, Missouri

### Report on the Financial Statements

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, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Rock Hill, Missouri's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, 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 of the City of Rock Hill, Missouri, as of March 31, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rock Hill, Missouri's basic financial statements. The introductory section, other supplemental information and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2018, on our consideration of the City of Rock Hill, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rock Hill, Missouri's internal control over financial reporting and compliance.

*Fick, Eggemeyer & Williamson*

Fick, Eggemeyer & Williamson, CPA  
Saint Louis, Missouri  
August 29, 2018

**CITY OF ROCK HILL, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2018**

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, 2018. We encourage readers to consider the information presented here along with the City's financial statements, including footnotes that follow this Management Discussion and Analysis (MD&A).

**FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the City's liabilities and deferred inflows exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$11,197,512 (*net position*). The City has an unrestricted deficit of net position totaling \$24,198,659. (see Table 1)

<b>Table 1 Unrestricted Deficit Net Position Summary</b>	
TIF bonds and notes net of unamortized bond discount and deferred amount on refunding	\$ (22,820,551)
Interest payable on the TIF bonds and notes	(1,864,751)
Unspent bond proceeds, net of assets restricted for capital projects	(445,679)
Net pension liability net of deferred outflows and inflows related to pension	(828,923)
Positive change in net position from operations	1,761,245
<b>Unrestricted deficit net position</b>	<b>\$ (24,198,659)</b>

- The total cost of City programs increased by \$158,777, or 2.6%, and net program costs (program revenues less program expenses) were \$235,224 more than they were in fiscal year 2017. (see Table 4)
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,856,442, which was a decrease of \$4,234,161 in comparison with the prior year. This decrease is primarily attributed to the construction of government facilities complex. Approximately 21% of the total amount is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$1,696,908, which was approximately 54% of total General Fund expenditures.
- The City's total long-term liabilities, net of premium and discount decreased \$1,224,791 during the current fiscal year. Table 2 below summarizes the items contributing to this decrease.

<b>Table 2 Long-term Liabilities Decrease</b>	
Debt repayment	\$ (1,370,000)
General obligation bonds series 2011 partial defeasance of debt	(3,080,000)
General obligation bonds refunding series 2017	3,079,974
Premium from general obligation bonds refunding series 2017	201,930
Amortization – premiums	(69,161)
Amortization – discount	8,938
Change in compensated absences	3,528
<b>Total decrease in long-term liabilities</b>	<b>\$ (1,224,791)</b>

# CITY OF ROCK HILL, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED MARCH 31, 2018

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of four parts: 1) management's discussion and analysis (*this section*), 2) the basic financial statements, 3) required supplemental information, and an optional section 4) other supplemental information. Figure A, on the next page, shows how the parts of this annual report are arranged and relate to one another. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City's government and report operations in more detail than the government-wide statements. These statements present a short-term perspective of how services were financed as well as what remains for future spending.

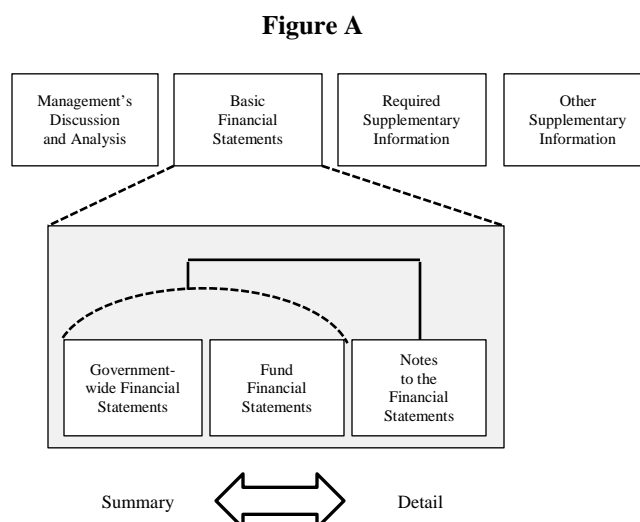


Figure B summarizes the major features of the City's government-wide and fund financial statements, including the portion of the City government they cover and the types of information each contains. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure B**  
**Major Features of the City's Government-wide and Fund Financial Statements**

	<u><b>Government-wide Statements</b></u>	<u><b>Governmental Funds</b></u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not fiduciary, such as administration, police, fire, public works, capital improvements, and parks
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets are included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter



**CITY OF ROCK HILL, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2018**

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**Government-wide financial statements.** The government-wide financial statements include the statement of net position and the statement of activities. These statements are designed to provide a broad overview of the City's finances, in a manner similar to a private-sector business. Note that the government-wide financial statements exclude fiduciary fund activities.

The *statement of net position* (on page 18) presents information about all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources using the accrual method of accounting, with the difference between the two being reported as net position. Net position is one way to measure the City's financial health or financial position. Over time increases and decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. However, you will also need to consider other nonfinancial factors such as changes in the City's sales tax base, the amount of snowfall during the winter season, changes in service levels, and the condition of municipal roads and facilities to assess the overall health of the City.

The *statement of activities* (on page 19) accounts for all of the fiscal year's revenues and expenses for the City. It presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As a result, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years such as uncollected taxes and interest and earned but unused 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 cover 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 services, public works, parks and recreation, housing, and judicial. The City does not operate any business-type activities.

**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, the 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.

**CITY OF ROCK HILL, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2018**

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The City maintains ten 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 the following major funds: General Fund, Park Fund, SW TIF Fund, General Capital Projects Fund, Infrastructure Capital Projects Fund, and Debt Service 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 all of its funds. 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 20 through 23 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 fiduciary net position and statement of changes in fiduciary net position - Pension Trust Fund can be found on pages 24 and 25 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 26 through 56 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 57 through 66 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 67 through 76 of this report.

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

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

### **Net Position**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, combined net position (deficiency) increased to (\$11,197,512) from a deficit of (\$12,006,430), or 6.7% in the most recent fiscal year (see Table 3 on the next page).

**CITY OF ROCK HILL, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2018**

**Table 3  
Condensed Statement of Net Position**

	March 31,		2018 Change	
	2018	2017 Restated	Amount	Percent
<b>ASSETS</b>				
Current and other assets	\$ 9,248,421	\$ 12,590,232	\$ (3,341,811)	(26.5) %
Capital assets, net	16,708,864	12,165,297	4,543,567	37.3
Total Assets	25,957,285	24,755,529	1,201,756	4.8
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	156,771	53,801	102,970	191.4
Deferred - related to pension	378,425	675,577	(297,152)	(44.0)
Total Deferred Outflows of Resources	535,196	729,378	(194,182)	(26.6)
<b>LIABILITIES</b>				
Current liabilities	3,198,762	1,433,246	1,765,516	123.2
Long-term liabilities	34,184,942	35,721,973	(1,537,031)	(4.3)
Total Liabilities	37,383,704	37,155,219	228,485	0.6
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred - related to pension	306,289	336,118	(29,829)	(8.9)
<b>NET POSITION</b>				
Net investment in capital assets	9,863,313	7,739,703	2,123,610	27.4
Restricted	3,137,834	2,912,080	225,754	7.7
Unrestricted (deficit)	(24,198,659)	(22,658,213)	(1,540,446)	(6.8)
Total Net Position	\$ (11,197,512)	\$ (12,006,430)	\$ 808,918	6.7 %

A portion of the City's net position, \$9,863,313 in 2018, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are 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 position, \$3,137,834 in 2018, 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 position represents a deficit unrestricted net position balance of \$24,198,659 in 2018. This deficit is comprised of \$1,761,245 in unrestricted net position from operations offset by an unrestricted net position deficit resulting from the balance of \$22,820,551 in TIF bonds and notes outstanding and interest payable on these bonds notes of \$1,864,751 at year-end for infrastructure assets not owned by the City. The TIF notes are limited obligations of the City and are funded only by incremental revenues generated within the TIF district. The remaining unrestricted net position deficit of \$1,276,602 includes unspent bond proceeds net of assets restricted for capital of \$445,679 and net pension liability net of deferred outflows and inflows related to pension of \$828,923.

**CITY OF ROCK HILL, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**Change in Net Position**

Change in net position between 2018 and 2017 are shown in Table 4 below. The City's total revenues were \$6,965,054. Approximately 29% of those revenues came from sales taxes, 15% of the revenues from property tax, and 9% came from fees charges for services rendered. Most of the other remaining revenues came from utility taxes and other revenues. Change in net position increased the City's net position by \$808,918.

<b>Table 4</b>				
<b>Condensed Statement of Activities</b>				
	<b>For The Years Ended March 31,</b>		<b>2018 Change</b>	
	<b>2018</b>	<b>2017</b>	<b>Amount</b>	<b>Percent</b>
<b>PROGRAM REVENUES</b>				
Charges for services	\$ 621,583	\$ 689,165	\$ (67,582)	(9.8) %
Operating grants and contributions	356,030	371,257	(15,227)	(4.1)
Capital grants and contributions	312,201	305,839	6,362	2.1
Total Program Revenues	<u>1,289,814</u>	<u>1,366,261</u>	<u>(76,447)</u>	(5.6)
<b>EXPENSES</b>				
Administration	1,051,998	930,244	121,754	13.1
Fire department	1,032,865	1,064,999	(32,134)	(3.0)
Housing department	16,515	19,348	(2,833)	(14.6)
Municipal court	148,024	153,314	(5,290)	(3.5)
Parks and recreation	244,347	235,426	8,921	3.8
Police department	998,188	1,060,747	(62,559)	(5.9)
Public works	863,473	725,860	137,613	19.0
Interest on long-term debt	1,800,626	1,807,321	(6,695)	(0.4)
Total Expenses	<u>6,156,036</u>	<u>5,997,259</u>	<u>158,777</u>	2.6
<b>Net Program Cost</b>	<u>(4,866,222)</u>	<u>(4,630,998)</u>	<u>(235,224)</u>	(5.1)
<b>GENERAL REVENUES</b>				
Property tax	1,049,007	1,231,946	(182,939)	(1.5)
Sales taxes	2,023,605	2,013,816	9,789	0.5
Utility gross receipts	761,382	741,534	19,848	2.7
Other taxes	1,757,321	1,758,230	(909)	0.0
Investment income	33,942	8,337	25,605	307.1
Other	49,883	44,397	5,486	12.4
Total General Revenues	<u>5,675,140</u>	<u>5,798,260</u>	<u>(123,120)</u>	(2.1)
<b>CHANGE IN NET POSITION</b>	808,918	1,167,262	(358,344)	(30.7)
<b>NET POSITION, APRIL 1</b>	<u>(12,006,430)</u>	<u>(13,173,692)</u>	1,167,262	8.8
<b>NET POSITION, MARCH 31</b>	<u>\$ (11,197,512)</u>	<u>\$ (12,006,430)</u>	<u>\$ 808,918</u>	6.7 %

The different types of normal impacts that can affect revenues include the following:

- 1) *Economic conditions* can reflect a growing, stable, or declining environment and have a substantial impact on property taxes, assessments, retail sales, gasoline, and other tax revenues as well as consumer spending habits as it relates to building permits, user fees, and other consumption revenues.
- 2) The Board of Aldermen has significant authority to set *increases or decreases in City rates* (property taxes, permitting, etc.).

**CITY OF ROCK HILL, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2018**

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- 3) *Changing patterns in intergovernmental and grant revenues* (both recurring and nonrecurring) can significantly change and impact revenues and the annual comparisons.
- 4) *Market impacts on investment income* may cause investment revenues to fluctuate from the prior year.

Total City expenses for 2018 were 6,156,036, or 808,918 less than the total revenues generated. Expenses increased 158,777 or 2.6% compared to 2017.

Key elements (see Table 4) of the increase or decrease in net position are as follows:

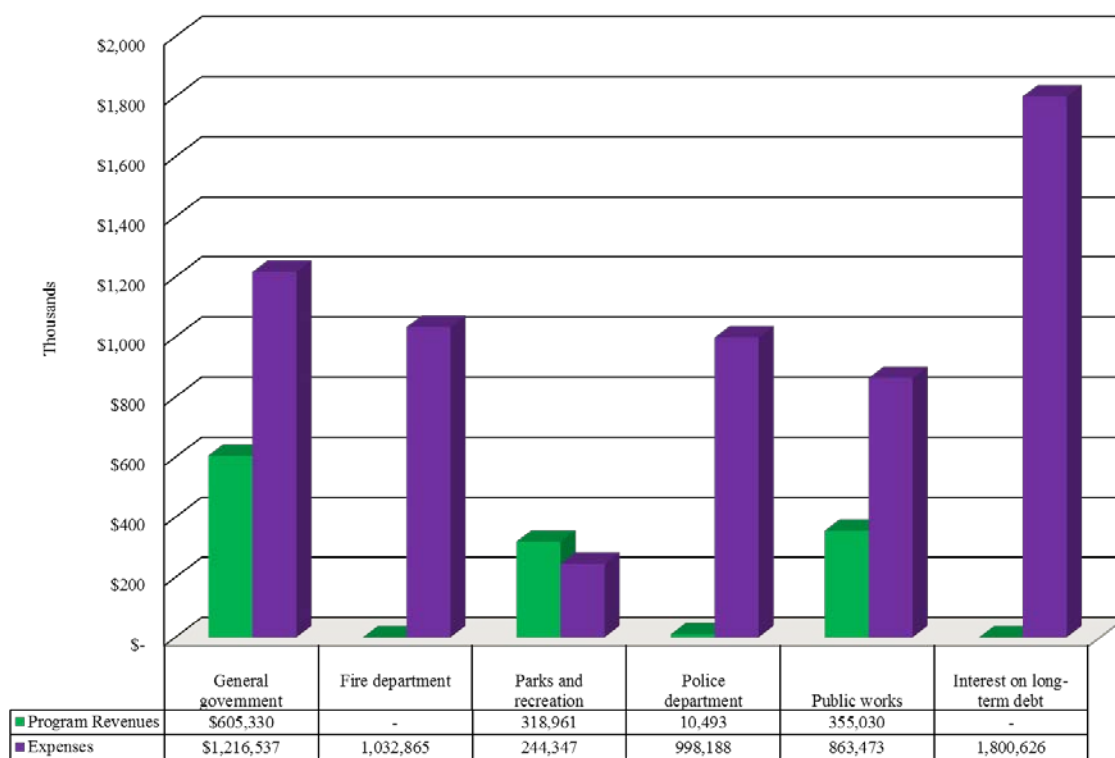
- Charges for services decreased \$67,482 or 9.8% compared to fiscal year 2017. Municipal court revenue was the largest contributing factor for this decrease.
- Property tax decreased in 2018 by \$182,939. This decrease is primarily a timing difference in receiving protested property tax receipts.
- Sales taxes, the City's largest revenue source, increased in 2018 by \$9,789. The actual results are misleading because in 2018, the City began receiving the County Public Safety Sales Tax totaling \$117,901. Sales taxes without the county public safety sales tax actually decreased \$108,112 or 5% compared to 2017.
- Police and fire services costs decreased \$62,559 or 5.9% and \$32,134 or 3.0%, respectively, as a result of twenty-seven pay periods in fiscal year 2017 compared to twenty-six pay periods in fiscal year 2018.
- Administration service costs for 2018 increased \$121,754 or 13.1%. The largest increase of \$180,000 was due to a payment to the developer per the redevelopment agreement. In addition, the prosecuting attorney's salary was moved into administration to bring the City into compliance with the Missouri Supreme Court monitor and the Missouri Office of State Courts Administrator (OSACA). The increases were offset by decreases in various other expenses.
- Public works services costs for 2018 increased \$137,613 or 19% primarily due to an increase in infrastructure depreciation and a reduction in labor capitalized for street improvements.

### **Governmental Activities**

Figure C-1 presents a comparison of the cost and revenues generated by each of the City's programs. Overall, program revenues were 21% of program expenses. This resulted in a net cost (total cost of programs less fees generated by the activities and intergovernmental aid) of \$4.9 million. The net cost demonstrates the financial burden that was placed on the City by each of these functions. The City paid for this \$4.9 million "public benefit" portion of the cost with property taxes, sales, other taxes, licenses and permits, and investment earnings.

**CITY OF ROCK HILL, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Figure C-1  
Program Revenues and Expenses - Governmental Activities**



General revenues, which include such items as property taxes, sales taxes, utility taxes, and other revenue, were \$5.7 million or 81% of all City revenues (see Figure C-2). Program revenues accounted for the other 19%. Of that amount, charges for services, which include such items as business licenses, municipal court fines, and permits, accounted for 48% of program revenues.

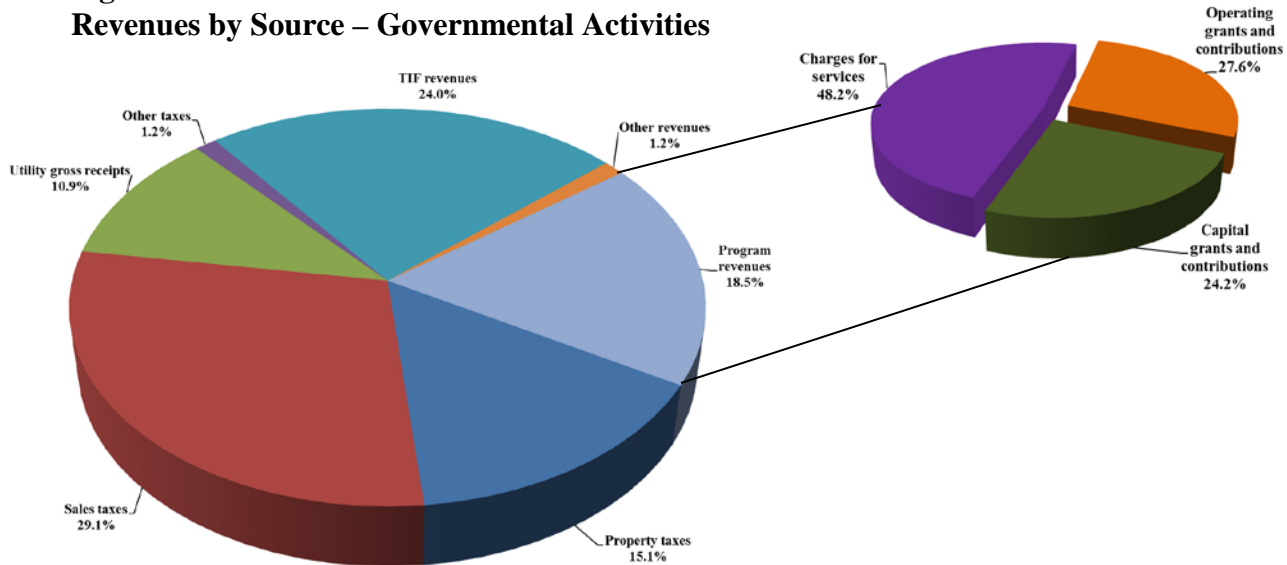
Other key revenue items were as follows:

- Sales taxes were the City's largest revenue source, generating 29% of all revenues.
- Property tax accounted for 15% of all revenues with 12% allocated to debt service.
- Utility gross receipts accounts for 11% of all revenues. Utility taxes are charged on the utility services provided within the City.
- Other taxes accounts for 25% of all revenues but includes 24% TIF revenues.

**CITY OF ROCK HILL, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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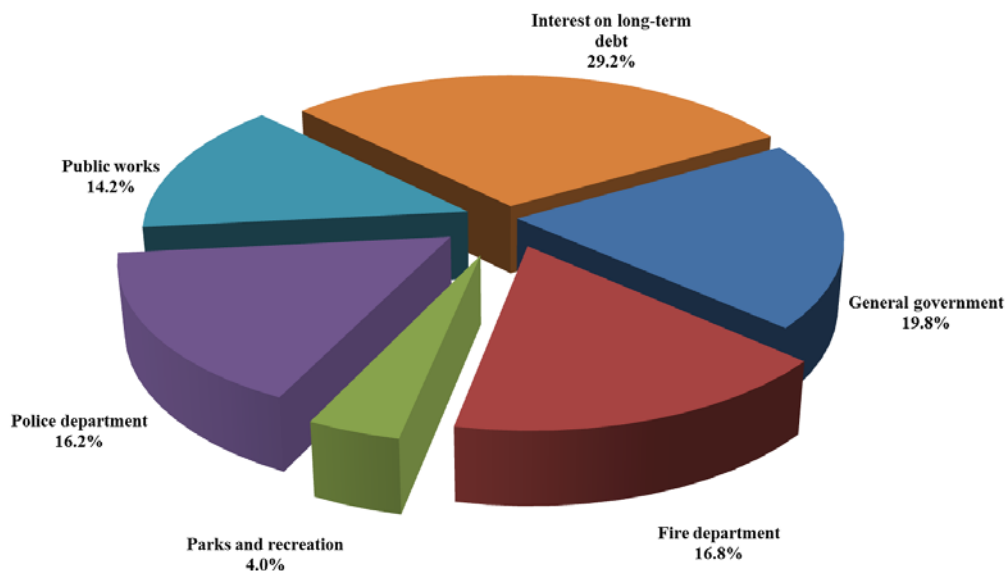
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**Figure C-2  
Revenues by Source – Governmental Activities**



The City's expenses cover a wide range of services, with 33% of them related to police and fire services (see Figure C-3). Public works, which includes road maintenance and improvements and storm water enhancements, account for another 14% of program expenses. Interest on long-term debt accounts for 29% and other city services (general government and parks) make up the remaining 24%.

**Figure C-3  
Program Expenses - Governmental Activities**



**CITY OF ROCK HILL, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At March 31, 2018, the City's governmental funds (presented in the balance sheet on page 20) reported a combined fund balance of \$7,856,442, which is a decrease of \$4,234,161 in comparison to the prior year (as presented in the statement of revenues, expenditures, and changes in fund balances on page 22).

Approximately 22% of the governmental funds combined fund balances or \$1,696,908 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balances are restricted and nonspendable to indicate that it is not available for new spending because it is limited to capital projects (\$2,963,259), debt service (\$414,915), parks and stormwater (\$193,300), police training (\$10,645), sewer lateral (\$30,057), tax increment financing (TIF) (\$2,513,158), long-term interfund advances (\$7,500), and prepaid items (\$26,700).

Table 5 and Table 6 provide an overview of revenues by source and expenditures by function for all governmental funds.

Table 5 Revenues and Other Financing Sources(Uses) Governmental Funds					
Revenues by Source	For the Year Ended March 31, 2018		For the Year Ended March 31, 2017		Increase (Decrease) Amount
	Amount	Percent Of Total	Amount	Percent Of Total	
Property taxes	\$1,813,467	25.51 %	\$1,596,209	22.80 %	\$ 217,258
Gross receipts taxes	825,303	11.61	810,965	11.58	14,338
Sales tax	3,075,486	43.26	3,150,206	45.00	(74,720)
Licenses, permits, fines and fees	603,723	8.49	673,085	9.62	(69,362)
Intergovernmental	316,647	4.45	638,863	9.13	(322,216)
Park and recreation programs	6,760	0.10	5,529	0.08	1,231
Investment income	33,943	0.48	8,337	0.12	25,606
Miscellaneous income	433,664	6.10	116,961	1.67	316,703
Total Revenues	\$7,108,993	100.00 %	\$7,000,155	100.00 %	\$108,838
Other Financing Sources(Uses)	For the Year Ended March 31, 2018		For the Year Ended March 31, 2017		Increase (Decrease) Amount
	Amount		Amount		
Sale of capital assets	\$ 16,780		\$ 646		16,134
General obligation bonds issued/refunding	3,079,974		6,100,000		(3,020,026)
Premium on bonds issued/refunding	201,930		592,194		(390,264)
Payment to refunded bond escrow agent	(3,202,675)		-		(3,202,675)
Total Other Financing Sources (Uses)	\$ 96,009		\$6,692,840		\$ (6,596,831)



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Governmental funds expenditures increased by \$3,362,853 compared to fiscal year 2017 (see Table 6). Capital outlay expenditures increased by \$2,966,609 primarily due to the construction of the government facilities complex.

Table 6 Expenditures Governmental Funds					
Expenditures by Function	For the Year Ended March 31, 2018		For the Year Ended March 31, 2017		Increase (Decrease) Amount
	Amount	Percent Of Total	Amount	Percent Of Total	
Administration	\$ 994,559	8.69 %	\$ 867,205	10.74 %	\$ 127,354
Fire department	985,779	8.62	972,092	12.04	13,687
Housing department	16,515	0.14	20,422	0.25	(3,907)
Municipal court	146,007	1.28	150,564	1.86	(4,557)
Parks and recreation	220,922	1.94	210,662	2.61	10,260
Police department	1,013,137	8.85	982,930	12.17	30,207
Public works	429,934	3.77	400,192	4.95	29,742
Capital outlay	5,150,293	45.21	2,183,684	27.04	2,966,609
Debit service:					
Principal	1,370,000	12.03	1,245,000	15.42	125,000
Interest and fiscal agent fees	1,032,788	9.07	932,938	11.55	99,850
Bond issuance costs	79,229	0.70	110,621	1.37	(31,392)
Total Expenditures	\$11,439,163	100.00 %	\$ 8,076,310	100.00 %	\$ 3,362,853

**General Fund** – The General Fund is the chief operating fund of the City. At the end of fiscal year 2018, the unassigned fund balance of the general fund was \$1,696,908, which was 98% of its total fund balance of \$1,731,108. As a measure of the General Fund's liquidity, it is useful to compare both the unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance and total fund balance represent 54% and 55% of total General Fund expenditures, respectively.

In fiscal year 2018, the General Fund's net change in fund balance decreased by \$40,707 compared to the prior year. The decrease is the result of the expenditure increase of \$49,566 or 1.6% exceeding the increase in revenues of \$8,859 or 0.3% compared to fiscal year 2017.

**CITY OF ROCK HILL, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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<b>Table 7 General Fund – Schedule of Revenues, Expenditures, and Change in Fund Balance</b>			
	<b>For the Years Ended March 31,</b>		<b>Increase (Decrease)</b>
	<b>2018</b>	<b>2017</b>	
<b>Revenues</b>			
Property tax	\$ 304,662	\$ 295,720	\$ 8,942
Gross receipts taxes	825,303	810,965	14,338
Sales taxes	1,242,834	1,188,161	54,673
Licenses, permits, fines and fees	603,723	673,085	(69,362)
Intergovernmental	22,705	22,705	-
Investment income	7,733	7,677	56
Miscellaneous	45,412	45,200	212
Total Revenues	3,052,372	3,043,513	8,859
<b>Expenditures</b>			
Administration	572,048	586,949	(14,901)
Fire department	985,779	972,092	13,687
Housing department	16,515	20,422	(3,907)
Municipal court	146,007	150,564	(4,557)
Police department	1,005,253	974,184	31,069
Public works	429,934	400,192	29,742
Capital outlay	2,505	4,072	(1,567)
Total Expenditures	3,158,041	3,108,475	49,566
<b>Net Change in Fund Balance</b>	<b>\$ (105,669)</b>	<b>\$ (64,962)</b>	<b>\$ (40,707)</b>

Key factors that affected the General Fund during the year were as follows:

- In November 2017, the City began receiving the County Public Safety sales tax approved by St. Louis County voters in April 2017. The County Public Safety sales tax accounted for \$117,901 or 9% of the General Fund's total sales tax receipts.
- Municipal court fines amounted to \$372,105 or 62% of the licenses, permits, fines and fees revenue. This is a decline by \$51,638 or 12% from the previous years as a result of statewide reform legislation.
- General Fund expenditures included a contribution payment to the Uniformed Employees Pension Plan of \$150,000.

**Park Fund** – The fund balance of the Park Fund decreased by \$179,828 during fiscal year 2018. Revenues increased \$287,738 compared to prior year due to a grant received from the Municipal Park Grant Commission. Expenditures increased by \$276,939 over the prior year primarily due to the tennis court improvement at Oakhaven Park and an increase in the interfund capital transfer to the Infrastructure Capital Projects Fund related to storm water improvements.

**SW TIF Fund** – As of March 31, 2018, the fund balance was \$2,415,183, which was an increase of \$48,906 from the prior year. The fluctuation in the SW TIF Fund is attributed to the timing of remitting pledged funds to the Trustee and payments of the principal and interest on the TIF bonds.

**General Capital Projects Fund** – Changes in the General Capital Projects Fund's fund balance will fluctuate between surpluses and deficits from year-to-year reflecting the general nature and purpose of the fund; to finance capital projects. In 2018, the fund's fund balance decreased \$3,781,097 as a result of the municipal government facilities complex project.

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**Infrastructure Capital Projects Fund** – At the end of 2018, the Infrastructure Capital Projects Fund's ending fund balance was \$267,752, an increase of \$25,136 from the prior year. Street and storm water improvement projects are all financed through this fund. As of March 31, 2018, street projects completed and capitalized total \$663,207. The City continues the focus on street improvements and maintains a ten-year street improvement long-term plan that is updated annually.

### **Fiduciary Funds**

The City maintains an Agency Fund for monies received and held for municipal court appearance bonds.

The City also maintains a fiduciary fund for the assets of the uniformed personnel through the Uniformed Employee Pension Trust Fund. As of the end of the current fiscal year ending March 31, 2018, the net position of the Pension Trust Fund totaled \$2,076,374. This is an increase of \$78,357 that is attributed to contributions made and the net appreciation in fair value of the investments exceeding the benefit payments made.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

As of March 31, 2018, the City had \$16,708,864 invested in a broad range of capital assets (net of accumulated depreciation) (see Table 8). This was an increase of \$4,543,567 from the previous year. The City's investment in capital assets included land, buildings, roads, park facilities, building and land improvements, furniture and fixtures, equipment, vehicles and information technology.

#### **Major capital asset**

- The City began construction on governmental facilities complex that includes city hall and police and fire stations.
- Improvements were made to the Oakhaven Park tennis courts for \$302,337. The City received grant funds from the Municipal Park Grant for this project.
- Vehicles purchased were a police interceptor and a fire command vehicle. Two vehicles were sold during the year.
- Street improvements in the amount of \$663,207 were completed during the fiscal year.

<b>Table 8</b>				
<b>Capital Assets, Net of Accumulated Depreciation</b>				
<b>Asset Class</b>	<b>March 31,</b>		<b>2018 Change</b>	
	<b>2018</b>	<b>2017</b>	<b>Amount</b>	<b>Percent</b>
Land	\$ 282,639	\$ 282,639	\$ -	0.0 %
Construction in progress	4,344,740	515,733	3,829,007	742.4
Buildings and improvements	549,298	288,486	260,812	90.4
Vehicles	269,042	319,930	(50,888)	(15.9)
Equipment	239,425	117,978	121,447	103.0
Infrastructure	11,023,720	10,640,531	383,189	3.6
<b>Total Capital Assets, Net</b>	<b>\$ 16,708,864</b>	<b>\$12,165,297</b>	<b>\$4,543,567</b>	<b>37.3 %</b>

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

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**Long-term Liabilities**

As of March 31, 2018, the City's long-term debt net of discounts and premiums total \$33,283,883 a decrease of \$1,224,791 or 3.5% compared to the prior year. Tax increment financing (TIF) debt is \$22,820,551 or 68.5% of the total long-term debt outstanding. The TIF debt is considered a special limited obligation of the City and is for infrastructure assets not owned by the City. The following is a summary of long-term liabilities: (see Table 9)

<b>Table 9 Long-term Liabilities, Net of Discounts and Premiums</b>				
Asset Class	March 31,		2018 Change	
	2018	2017	Amount	Percent
General obligation bonds	\$ 10,297,348	\$ 10,634,605	\$ (337,257)	(3.2) %
Tax increment revenue bonds	14,482,850	15,373,912	(891,062)	(5.8)
Tax increment revenue notes	8,337,701	8,337,701	-	-
Compensated absence	165,984	162,456	3,528	2.2
<b>Total Long-term Liabilities, Net</b>	<b>\$ 33,283,883</b>	<b>\$ 34,508,674</b>	<b>\$ (1,224,791)</b>	<b>(3.5) %</b>

Additional information on the City's long-term liabilities can be found in Note H in the notes to financial statements.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

As of March 31, 2018, the City made amendments to the General Fund's original budget increasing revenues by \$47,130 and increasing expenditures \$52,118. Revenues were \$19,338 less than the final budget of \$3,071,710 primarily due to decreases in sales taxes, telecommunication gross receipts, offset by a new county public safety sales tax. Expenditures were \$81,567 below the final budget of \$3,235,974 due to various decreases in expenditures.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- General Fund expenditure budget for fiscal year 2019 decreased before transfers 1.5% compared to fiscal year 2018 final budget. The expenditure budget included a 6% increase in salaries for City employees. In the fiscal year 2019 budget, the utilities and street lighting budget was moved from the General Fund to the General Capital Projects Fund, as a part of the City's long-term financial planning goals. Under Missouri state statutes, maintenance and operation of capital assets may be funded using the capital improvement sales tax revenues.
- The Mayor and Board of Aldermen remain committed to long-term financial planning. Annually, in conjunction with the budget process the five-year operational plans and the ten-year capital plans are updated. The City expects receive the following benefits from the long-term financial plan: 1) Maintain stable tax rates for residents; 2) Balance budgets that allow for the timely funding of the Uniformed Employees' Pension Fund; 3) Ensure City capital funds remain stable and able to provide funding for continued street improvements; 4) Financial flexibility; 5) Improved service planning for the residents; 6) Sustainable growth; and 7) Manage low or no revenue growth.

**CITY OF ROCK HILL, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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- The liability for the Uniformed Employee Pension Fund continues to be an on-going issue. The City contributions into the Plan have averaged 75% of the Actuarial Required Contribution (ARC) for the past six years. The funded ratio has increased from 49.8% in fiscal year 2012 to 65.5% in fiscal year 2018 as a result of investment returns and City contributions.
  - In 2016, Missouri House Bill 1443 was enacted to give local governments with frozen pension plans the option to choose The Missouri Local Government Employees Retirement System (LAGERS) as their plan administrator and trustee. This important legislation allows government units to take advantage of LAGERS' size and expertise to ensure these local plans will be sustainable until the last beneficiary is paid.
  - In May 2018 the Uniformed Employee Pension Plan board voted unanimously to recommend to the Board of Alderman that the administration and trustee service for the Uniformed Employees Pension Plan be transferred to LAGERS. This will provide the City with lower annual fixed contribution payments for a fifteen year period while providing the promised benefit payments to the plans participants.

**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  
827 N. Rock Hill Road  
Rock Hill, MO 63119

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**CITY OF ROCK HILL, MISSOURI**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2018**

	<b>Governmental Activities</b>
<b>ASSETS:</b>	
Cash and investments.....	\$ 8,305,125
Receivables, net:	
Property tax.....	342,706
Municipal taxes.....	445,131
Intergovernmental.....	53,936
Other.....	73,933
Prepaid items.....	27,590
Capital assets:	
Land and construction in progress.....	4,627,379
Other capital assets, net of accumulated depreciation.....	12,081,485
<b>TOTAL ASSETS.....</b>	<b>\$ 25,957,285</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred charge on refunding.....	156,771
Deferred amounts related to pension.....	378,425
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>535,196</b>
<b>LIABILITIES:</b>	
Accounts payable.....	1,253,883
Accrued payroll.....	30,115
Accrued interest.....	1,890,182
Plan deposits.....	24,582
Noncurrent liabilities:	
Due within one year.....	1,334,590
Due in more than one year.....	31,949,293
Due in more than one year - net pension liability.....	901,059
<b>TOTAL LIABILITIES.....</b>	<b>37,383,704</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred amounts related to pension.....	306,289
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>306,289</b>
<b>NET POSITION:</b>	
Net investment in capital assets.....	\$ 9,863,313
Restricted for:	
Debt services.....	390,674
Parks and stormwater.....	193,300
Police training.....	10,645
Sewer lateral.....	30,057
Tax increment financing.....	2,513,158
Unrestricted (deficit).....	(24,198,659)
<b>TOTAL NET POSITION.....</b>	<b>\$ (11,197,512)</b>

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

**CITY OF ROCK HILL, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Expenses	Program Revenues			Net Revenues (Expenses) And Change In Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants And Contributions	
<b>FUNCTIONS/PROGRAMS</b>					
<b>Governmental Activities</b>					
Administration.....	\$ 1,051,998	\$ 231,618	\$ -	\$ -	\$ (820,380)
Fire department.....	1,032,865	-	-	-	(1,032,865)
Housing department.....	16,515	-	-	-	(16,515)
Municipal court.....	148,024	373,712	-	-	225,688
Parks and recreation.....	244,347	6,760	-	312,201	74,614
Police department.....	998,188	9,493	1,000	-	(987,695)
Public works.....	863,473	-	355,030	-	(508,443)
Interest on long-term debt and fiscal charges.....	1,800,626	-	-	-	(1,800,626)
Total Governmental Activities.....	\$ 6,156,036	621,583	356,030	312,201	(4,866,222)

**General Revenues**

Taxes:		
Property taxes levied for:		
General purposes.....		216,283
Debt service.....		832,724
Sales tax levied for:		
General purposes.....		912,215
Fire protection.....		212,719
Public safety.....		117,901
Capital improvement.....		354,585
Park and stormwater.....		426,185
Cigarette taxes.....		22,705
Franchise taxes.....		63,921
TIF revenues.....		1,670,695
Utility gross receipts.....		761,382
Investment income.....		33,942
Other revenues.....		49,883
Total General Revenues.....		5,675,140

<b>CHANGE IN NET POSITION.....</b>	<b>808,918</b>
NET POSITION, APRIL 1.....	(12,006,430)
<b>NET POSITION, MARCH 31.....</b>	<b>\$ (11,197,512)</b>

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



**CITY OF ROCK HILL, MISSOURI**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**MARCH 31, 2018**

	General Fund	Park Fund	SW TIF Fund	General Capital Projects Fund	Infrastructure Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>								
Cash and investments								
Held by trustee.....	\$ -	\$ -	\$ 1,122,556	\$ 3,408,938	\$ -	\$ -	\$ -	\$ 4,531,494
Restricted.....	-	-	1,098,469	-	-	-	-	1,098,469
Unrestricted.....	1,439,129	133,404	109,330	417,418	217,600	249,082	109,199	2,675,162
Receivables (net):								
Property tax.....	77,023	-	-	-	-	219,447	46,236	342,706
Municipal taxes.....	303,867	-	84,828	56,086	-	-	350	445,131
Intergovernmental.....	3,784	-	-	-	50,152	-	-	53,936
Other.....	10,312	62,124	-	-	-	-	1,497	73,933
Prepaid items.....	26,700	890	-	-	-	-	-	27,590
Advances to other funds.....	7,500	-	-	-	-	-	-	7,500
<b>TOTAL ASSETS.....</b>	<b>1,868,315</b>	<b>196,418</b>	<b>2,415,183</b>	<b>3,882,442</b>	<b>267,752</b>	<b>468,529</b>	<b>157,282</b>	<b>9,255,921</b>
<b>LIABILITIES:</b>								
Accounts payable.....	54,885	2,148	-	1,186,935	-	-	9,915	1,253,883
Accrued payroll.....	29,145	970	-	-	-	-	-	30,115
Plan deposits.....	24,582	-	-	-	-	-	-	24,582
Advances from other funds.....	-	-	-	-	-	-	7,500	7,500
<b>Total Liabilities.....</b>	<b>108,612</b>	<b>3,118</b>	<b>-</b>	<b>1,186,935</b>	<b>-</b>	<b>-</b>	<b>17,415</b>	<b>1,316,080</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Unavailable revenue-property taxes.....	18,818	-	-	-	-	53,614	1,190	73,622
Unavailable revenue-court receipts.....	9,777	-	-	-	-	-	-	9,777
<b>Total Deferred Inflows of Resources.....</b>	<b>28,595</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,614</b>	<b>1,190</b>	<b>83,399</b>
<b>FUND BALANCES:</b>								
Nonspendable:								
Long-term interfund advances.....	7,500	-	-	-	-	-	-	7,500
Prepaid items.....	26,700	-	-	-	-	-	-	26,700
Restricted for:								
Capital projects.....	-	-	-	2,695,507	267,752	-	-	2,963,259
Debt service.....	-	-	-	-	-	414,915	-	414,915
Parks and stormwater.....	-	193,300	-	-	-	-	-	193,300
Police training.....	-	-	-	-	-	-	10,645	10,645
Sewer lateral.....	-	-	-	-	-	-	30,057	30,057
Tax increment financing.....	-	-	2,415,183	-	-	-	97,975	2,513,158
Unassigned.....	1,696,908	-	-	-	-	-	-	1,696,908
<b>Total Fund Balances.....</b>	<b>1,731,108</b>	<b>193,300</b>	<b>2,415,183</b>	<b>2,695,507</b>	<b>267,752</b>	<b>414,915</b>	<b>138,677</b>	<b>7,856,442</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 1,868,315</b>	<b>\$ 196,418</b>	<b>\$ 2,415,183</b>	<b>\$ 3,882,442</b>	<b>\$ 267,752</b>	<b>\$ 468,529</b>	<b>\$ 157,282</b>	<b>\$ 9,255,921</b>

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

**CITY OF ROCK HILL, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**MARCH 31, 2018**

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**Total Fund Balances - Governmental Funds.....** \$ 7,856,442

Amounts reported for governmental activities in the statement of net position 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 \$20,163,662 and the accumulated depreciation is \$3,454,798..... 16,708,864

Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:

Net pension liability.....	(901,059)
Deferred outflows - pension related.....	378,425
Deferred inflows - pension related.....	(306,289)

Some revenues are not available soon enough to pay for current expenditures and are not reported as revenues in the governmental funds..... 83,399

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 compensation absences.....	(165,984)
Accrued interest payable.....	(1,890,182)
Bonds payable.....	(9,529,974)
Tax increment financing bonds.....	(14,640,000)
Tax increment financing notes.....	(8,337,701)
Deferred amount on refunding.....	156,771
Unamortized bond premium.....	(767,374)
Unamortized bond discount.....	157,150

**Total Net Position of Governmental Activities.....** \$ (11,197,512)

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

**CITY OF ROCK HILL, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES-GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	General Fund	Park Fund	SW TIF Fund	General Capital Projects Fund	Infrastructure Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Property tax.....	\$ 304,662	-	\$ 599,349	\$ -	-	\$ 862,861	\$ 46,595	\$ 1,813,467
Gross receipts taxes.....	825,303	-	-	-	-	-	-	825,303
Sales tax.....	1,242,834	426,185	1,041,953	354,585	-	-	9,929	3,075,486
Licenses, permits, fines and fees.....	603,723	-	-	-	-	-	-	603,723
Intergovernmental.....	22,705	-	-	-	293,942	-	-	316,647
Park and recreation programs.....	-	6,760	-	-	-	-	-	6,760
Investment income.....	7,733	-	6,016	20,194	-	-	-	33,943
Miscellaneous.....	45,412	312,201	-	700	-	4,939	70,412	433,664
Total Revenues.....	3,052,372	745,146	1,647,318	375,479	293,942	867,800	126,936	7,108,993
<b>EXPENDITURES</b>								
Current:								
Administration.....	572,048	-	-	238,311	-	4,200	180,000	994,559
Fire department.....	985,779	-	-	-	-	-	-	985,779
Housing department.....	16,515	-	-	-	-	-	-	16,515
Municipal court.....	146,007	-	-	-	-	-	-	146,007
Parks and recreation.....	-	220,922	-	-	-	-	-	220,922
Police department.....	1,005,253	-	-	-	-	-	7,884	1,013,137
Public works.....	429,934	-	-	-	-	-	-	429,934
Economic Development								
Capital outlay.....	2,505	304,052	-	4,114,490	668,806	-	60,440	5,150,293
Debt services:								
Principal.....	-	-	900,000	-	-	470,000	-	1,370,000
Interest and fiscal agent fees.....	-	-	698,412	555	-	326,321	7,500	1,032,788
Bond issuance costs.....	-	-	-	-	-	79,229	-	79,229
Total Expenditures.....	3,158,041	524,974	1,598,412	4,353,356	668,806	879,750	255,824	11,439,163
<b>REVENUES OVER(UNDER) EXPENDITURES</b>	<b>(105,669)</b>	<b>220,172</b>	<b>48,906</b>	<b>(3,977,877)</b>	<b>(374,864)</b>	<b>(11,950)</b>	<b>(128,888)</b>	<b>(4,330,170)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in.....	-	-	-	180,000	400,000	-	-	580,000
Transfers out.....	-	(400,000)	-	-	-	-	(180,000)	(580,000)
Sale of capital assets.....	-	-	-	16,780	-	-	-	16,780
Refunding bonds issued.....	-	-	-	-	-	3,079,974	-	3,079,974
Premium on refunding bonds issued.....	-	-	-	-	-	201,930	-	201,930
Payment to refunded bond escrow agent.....	-	-	-	-	-	(3,202,675)	-	(3,202,675)
Total Other Financing Sources(Uses).....	-	(400,000)	-	196,780	400,000	79,229	(180,000)	96,009
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(105,669)</b>	<b>(179,828)</b>	<b>48,906</b>	<b>(3,781,097)</b>	<b>25,136</b>	<b>67,279</b>	<b>(308,888)</b>	<b>(4,234,161)</b>
<b>FUND BALANCES, APRIL 1.....</b>	<b>1,836,777</b>	<b>373,128</b>	<b>2,366,277</b>	<b>6,476,604</b>	<b>242,616</b>	<b>347,636</b>	<b>447,565</b>	<b>12,090,603</b>
<b>FUND BALANCES, MARCH 31.....</b>	<b>\$ 1,731,108</b>	<b>\$ 193,300</b>	<b>\$ 2,415,183</b>	<b>\$ 2,695,507</b>	<b>\$ 267,752</b>	<b>\$ 414,915</b>	<b>\$ 138,677</b>	<b>\$ 7,856,442</b>

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

**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, 2018**

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**Net Change In Fund Balances - Governmental Funds.....** \$ (4,234,161)

Amounts reported for governmental activities in the statement of activities are difference 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 (\$5,051,679) exceeded depreciation (\$491,032) in the current period..... 4,560,647

In the statement of activities, the gain(loss) on the disposition of capital assets is reported. The fund financial statements recognize only the proceeds from the sale of those assets.

Gain(loss) on disposal of capital assets..... (17,079)

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increased long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the long-term liabilities in the statement of net assets.

Debt issued during the current year:

Issuances of general obligation bonds..... (3,079,974)  
 Payments to escrow agents..... 3,202,675  
 Premium..... (201,930)

Repayments during the current year:

Bonds payable..... 1,370,000  
 Amortization of premiums on debt issuance..... 69,161  
 Amortization of discount on debt issuance..... (8,938)  
 Amortization of deferred charges on refunding..... (19,706)

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

Deferred revenues..... (144,040)

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 accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes of these items are:

Accrued compensated absences liability..... (3,528)  
 Accrued interest..... (729,126)  
 Net pension liability..... 312,240  
 Deferred outflows - pension related..... (297,152)  
 Deferred inflows - pension related..... 29,829

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**Change in Net Position of Governmental Activities.....** \$ 808,918

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

**CITY OF ROCK HILL, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION -**  
**FIDUCIARY FUNDS**  
**MARCH 31, 2018**

	<b>Pension Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash.....	\$ -	\$ 4,310
Investments, at fair value:		
Money market funds.....	39,433	-
Equity mutual funds.....	1,317,012	-
Fixed income mutual funds.....	718,623	
Accrued interest and dividends.....	1,306	-
<b>TOTAL ASSETS.....</b>	<b>2,076,374</b>	<b>4,310</b>
<b>LIABILITIES</b>		
Deposits held for others.....	-	4,310
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>4,310</b>
<b>NET POSITION</b>		
Restricted for pensions.....	\$ 2,076,374	\$ -

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

**CITY OF ROCK HILL, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Investment income	
Interest and dividends.....	\$ 56,950
Net appreciation in fair value of investments.....	121,942
Total Investment Income (Expense).....	178,892
Employer contributions.....	150,000
Total Additions.....	328,892
<b>DEDUCTIONS</b>	
Benefits paid.....	247,596
Fees paid.....	2,939
Total Deductions.....	250,535
<b>CHANGE IN NET POSITION.....</b>	<b>78,357</b>
<b>NET POSITION RESTRICTED FOR PENSION, APRIL 1.....</b>	<b>1,998,017</b>
<b>NET POSITION RESTRICTED FOR PENSION, MARCH 31.....</b>	<b>\$ 2,076,374</b>

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

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**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 Mayor-Board of Alderman-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 accounting principles generally accepted in the United States of America as applied to governmental entities. The following is a summary of the more significant policies.

**1. Reporting Entity**

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The City does not currently have any component units.

**2. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position 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 that are not generated by programs 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. Major 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.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accountings. 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 police, fire, public works, and administration.

**Park Fund** – The Park Fund is used to account for park and stormwater sales taxes and grants to be used for park operations, improvements, and stormwater.

**SW TIF Fund** – The SW TIF Fund is used to account for tax increment financing revenue from the SW redevelopment area.

**General Capital Projects Fund** – The General Capital Projects Fund is used to account for revenues derived from capital improvement sales taxes and grants to be used for the acquisition, construction, improvements, or maintenance for City equipment, vehicles or facilities.

**Infrastructure Capital Projects Fund** – The Infrastructure Capital Projects Fund is used to account for revenues derived from motor vehicle taxes, road and bridge taxes, and grants to be used for the constructions, improvements, or maintenance of infrastructure relating to streets and sidewalks.

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.



**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**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 (Court Bond) is used to account for assets held by the City for court appearance bonds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of income.

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 other benefits 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.

**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 U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Pension Funds may also invest in mutual funds. Investments are stated at fair value.

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has two items that qualifies for reporting in this category. These items are deferred charge on refunding and deferred amounts related to pension reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension are differences between expected and actual experience, net difference between projected and actual earnings on pension plan investments, and changes of assumptions. These amounts are deferred and amortized over five years.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The item, deferred amounts related to pension reported in the government-wide statement of net position. The deferred amounts related to pension are differences between expected and actual experience, net difference between projected and actual earnings on pension plan investments, and changes of assumptions. These amounts are deferred and amortized over five years. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and court fines and cost. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. 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 historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service arrangement are recorded at estimated acquisition value as of 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:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 – 40
Vehicles	5 – 7
Equipment	7 – 25
Infrastructure	40

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Compensated Absences**

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

Vacation benefits 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 648 hours for Fire Fighters and 480 hours for all other employees. Upon leaving employment of the City, an employee is not entitled to payment for accrued sick leave.

**8. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts 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.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well bond issuance costs, during the current period. The face amounts of debt issued is reported as other financing sources. Premiums received on a 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.

**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 October 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.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**10. Allowance**

Taxes and bonds receivable are shown net of an allowance for uncollectible accounts of \$16,772.

**11. Advances and 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 nonspendable account which indicates that they do not constitute “available spendable resources.” 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.

**12. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**13. Use of Estimates**

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

**14. Fund Balance Policies**

The City’s policy is to report the fund balance in the following categories, when applicable, listed from the most restrictive to the least restrictive:

**Nonspendable** – The portion of fund balance that is not in a spendable form or is required to be maintained intact.

**Restricted** – The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

**Committed** – The portion of fund balance with constraints or limitations by formal action of the Board of Aldermen, the highest level of decision-making authority.

**Assigned** – The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City officials to which the Board of Aldermen has designated authority.

**Unassigned** – Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**14. Fund Balance Policies (Continued)**

When both restricted and unrestricted resources are available, the City will spend the most restricted amounts before the least restricted – restricted, committed, assigned, and then unassigned.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unassigned fund balance of not less than 25% of annual operating expenditures for the fiscal year.

**15. Net Position**

Net Position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**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 be at least equal to the total of the City's cash not insured by the Federal Deposit Insurance Corporation. As of March 31, 2018, the City's bank balance of \$2,763,759 was fully insured by depository insurance and collateralized with securities held by the Federal Reserve Bank.

The deposits and investments held at March 31, 2018, and reported at fair value, are as follows:

<u>Type</u>	<u>Carrying Value</u>
<b>Deposits:</b>	
Demand deposits.....	\$ 2,678,822
Cash on hand.....	650
	<u>2,679,472</u>
<b>Pooled Investments:</b>	
Money market mutual funds.....	<u>5,629,963</u>
<b>Pension Trust Investments:</b>	
Money market funds.....	39,433
Equity mutual funds.....	1,317,012
Fixed income mutual funds.....	718,623
	<u>2,075,068</u>
<b>Total Deposits and Investments.....</b>	<u><u>\$ 10,384,503</u></u>
 <b>Reconciliation to the Financial Statements:</b>	
Statement of Net Assets:	
Cash and Investments:	
Governmental Activities.....	\$ 8,305,125
Statement of Fiduciary Net Position:	
Cash and Investments:	
Held by trustees – Pension Trust Fund.....	2,075,068
Restricted:	
Agency Fund.....	<u>4,310</u>
	<u><u>\$ 10,384,503</u></u>

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE B – CASH AND INVESTMENTS (continued)**

**2. Investments**

As of March 31, 2018, the City held the following investments:

Investments	Fair Value	No Maturity	Maturities			Credit Risk
			Less Than One Year	1 – 5 Years	6 – 10 Years	
<b>Primary Government</b>						
Money market funds	\$5,629,963	\$5,629,963	\$ -	\$ -	\$ -	Not rated
<b>Fiduciary Funds</b>						
Money market funds	39,433	39,433	-	-	-	N/A
Equity mutual funds	1,317,012	1,317,012	-	-	-	Not rated
Fixed income mutual funds						
Baird aggregate bond fund	224,916	-	-	-	224,916	A
Blackrock strategic income	205,472	-	-	-	205,472	A
Dodge & Cox income	206,105	-	-	-	206,105	A
Prudential high yield	40,932	-	-	-	40,932	B
Templeton global bond fund	41,198	-	-	-	41,198	BB
Total Fiduciary Funds						
Investments	2,075,068	1,356,445	-	-	718,623	
Total Investments	<u>\$ 7,705,031</u>	<u>\$ 6,986,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 718,623</u>	

**3. Investment Policies:**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy states that they minimize credit risk by prequalifying 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's investment policy states that they minimize 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. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy states that they minimize concentration of credit risk by diversifying the investment portfolio.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE B – CASH AND INVESTMENTS (Continued)**

**4. Fair Value Measurements (Continued):**

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities.

The Primary Government did not have any investments subject to fair value level classification as of March 31, 2018.

The Fiduciary Fund has the following recurring fair value measurements as of March 31, 2018.

- Fixed income mutual funds of \$718,623 and equity mutual funds of \$1,317,012 are valued using quoted prices. (Level 1 inputs)
- Money market funds of \$39,433 are investments not subject to fair value level classification.

**5. Investment Policy-Uniformed Employee Pension Plan:**

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Uniformed Employees' Pension Plan Board. Plan assets are managed with a long-term object of achieving the ability to pay all benefit and expense obligations provided through the Plan.

**Credit Risk** - The plan does not have a specific policy addressing custodial credit risk. Neither the Pension Trust's bank balances nor its investments were subject to custodial credit risk this year.

**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 plan's investment policy states that they minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk located on the previous page and the fixed income mutual funds listed therein, have an average effective maturity ranging from 6.5 to 9.3 years.

*Rate of return:* For the year ended March 31, 2018, the annual money weighted rate of return on the pension plan investments, net of pension plan investment expense, was 9.24 percent. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.



**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE B – CASH AND INVESTMENTS (Continued)**

**5. Investment Policy-Uniformed Employee Pension Plan (Continued):**

**Concentration of Credit Risk** is required to be disclosed by the plan for any single investment that represents 5% or more of the total investments (excluding investments issued by or explicitly guaranteed by the US Government and investments in mutual funds). As of March 31, 2018, the Plan's investments were all in mutual funds.

The following is the asset allocation policy as amended by the Uniformed Employees' Pension Plan Board on April 9, 2015:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Money Market	2%	4%	6%
Fixed Income	26%	31%	50%
Large Cap	25%	35%	40%
Small/Mid Cap	10%	15%	20%
International	10%	15%	20%

**NOTE C – PROPERTY TAX**

The City's property tax is levied annually on or before October 1 based on the assessed valuation of all real and personal property located in the City as of the previous January 1. Assessed valuations are established by the St. Louis County Assessor. Rock Hill citizen's approved a 34 cent property tax to be used for General Government Services. The City's tax rate per \$100 of assessed valuation is levied as follows.

	<u>Real Estate</u>		<u>Personal</u>
	<u>Residential</u>	<u>Commercial</u>	<u>Property</u>
General government services	\$ 0.2690	\$ 0.2880	\$ 0.3400
Debt service	0.8050	0.8050	0.8050
Total property tax levied:	<u>\$ 1.0740</u>	<u>\$ 1.0930</u>	<u>\$ 1.145</u>

Taxes are billed October 1, are due and collectible on December 31, and are delinquent and represent a lien on related property on January 1 of the following year. Taxes are billed, and remitted to the City by the St. Louis County Collector.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE D – Capital Assets**

The following is a summary of changes in capital assets:

	<b>For The Year Ended March 31, 2018</b>			
	<b>Balance March 31, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance March 31, 2018</b>
Capital assets not being depreciated:				
Land	\$ 282,639	\$ -	\$ -	\$ 282,639
Construction in progress	515,733	3,866,642	37,635	4,344,740
Total Capital Assets Not Being Depreciated	798,372	3,866,642	37,635	4,627,379
Capital assets being depreciated:				
Buildings and improvements	576,136	302,337	54,464	824,009
Vehicles	1,392,533	77,331	104,329	1,365,535
Equipment	350,175	142,162	15,000	477,337
Infrastructure	12,168,560	700,842	-	12,869,402
Total Capital Assets Being Depreciated	14,487,404	1,222,672	173,793	15,536,283
Less-Accumulated depreciation for:				
Buildings and improvements	287,650	24,445	37,384	274,711
Vehicles	1,072,603	128,219	104,329	1,096,493
Equipment	232,197	20,715	15,000	237,912
Infrastructure	1,528,029	317,653	-	1,845,682
Total Accumulated Depreciation	3,120,479	491,032	156,713	3,454,798
Total Capital Assets Being Depreciated, Net	11,366,925	731,640	17,080	12,081,485
Capital Assets, Net	<u>\$ 12,165,297</u>	<u>\$ 4,598,282</u>	<u>\$ 54,715</u>	<u>\$16,708,864</u>

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

	<b>For The Year Ended March 31, 2018</b>
Administration	\$ 15,166
Fire department	60,061
Parks department	22,408
Police department	26,332
Public works	367,065
Total	<u>\$ 491,032</u>

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE E – EMPLOYEE RETIREMENT SYSTEMS**

**Missouri Local Government Employees Retirement System**

**1. Plan Description**

The City's 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 401(a) and it is tax exempt. LAGERS issues a publicly available financial report that includes financial statements and required supplemental 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. Benefits Provided**

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

Benefit multiplier – general, police and fire	1.25%
Final average salary	5 years

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer price Index and is limited to 4% per year.

**3. Employees Covered by Benefit Terms**

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	13
Active employees	32
Total	<u>61</u>

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Missouri Local Government Employees Retirement System (Continued)**

**4. Contributions**

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount of finance an unfunded accrued liability. The City contribution rates are 0.3% (General), 12.6% (Police) and 11.1% (Fire) of annual covered payroll.

**5. Net Pension Liability**

The City's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

**6. Actuarial Assumptions**

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary increase	3.25% to 7.15% including wage inflation
Investment rate of return	7.25% net of investment and administrative expenses

The healthy retiree mortality tables for post-retirement mortality were RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were they RP-2014 employees' mortality tables for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Missouri Local Government Employees Retirement System (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	43.0%	5.29%
Fixed Income	26.0	2.93
Real assets	21.0	3.31
Strategic Assets	10.0	5.73

**7. Discount Rate**

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for the employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Missouri Local Government Employees Retirement System (Continued)**

**8. Changes in the Net Pension Liability**

**A. Total Pension Liability**

1. Service Cost	\$ 136,571
2. Interest on Total Pension Liability	294,475
3. Changes of Benefit Terms	-
4. Difference between expected and actual experience of the Total Pension Liability	(14,473)
5. Changes of Assumptions	(5,519)
6. Benefit payments, including refunds of employee contributions	(131,105)
7. Net change in total pension liability	<u>279,949</u>
8. Total Pension liability – June 30, 2016	<u>4,079,617</u>
9. Total Pension liability – June 30, 2017	<u><u>\$4,359,566</u></u>

**B. Plan Fiduciary Net Position**

1. Contributions – employer	\$ 128,149
2. Contributions – employee	-
3. Net investment income	479,687
4. Benefit payments, including refunds of employee contributions	(131,105)
5. Pension plan administrative expense	(4,383)
6. Other (Net Transfers)	<u>26,606</u>
7. Net Change in plan fiduciary net position	498,954
8. Plan fiduciary net position – June 30, 2016	<u>4,053,232</u>
9. Plan fiduciary net position – June 30, 2017	<u><u>\$4,552,186</u></u>

**C. Net pension liability/(asset)** \$ (192,620)

**D. Plan fiduciary net position as a percentage of the total pension liability** 104.42%

**E. Covered-employee payroll** \$1,690,900

**F. Net pension liability as a percentage of covered employee payroll** (11.39)%

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Missouri Local Government Employees Retirement System (Continued)**

**9. Sensitivity of the Net Pension Liability to Change in the Discount Rate**

The following presents the new pension liability of the employer, calculated using the discount rate of 7.25% as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	<b>1% Decrease 6.25%</b>	<b>Current Single Discount Rate Assumption 7.25%</b>	<b>1% Increase 8.25%</b>
Net pension liability (asset)	\$ 454,369	\$ (192,620)	\$ (725,109)

**10. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended March 31, 2018, the City recognized pension expense of \$191,708. Reported deferred outflows and inflows of resources are related to the following sources.

	<b>Outflows</b>	<b>Inflows</b>	<b>Net Outflows</b>
Differences in experience	\$ 43,868	\$ (71,686)	\$ (27,818)
Assumption changes	96,579	(13,944)	82,635
Excess (deficit) investment returns	118,436	-	118,436
Total	<u>\$ 258,883</u>	<u>\$ (85,630)</u>	<u>\$ 173,253</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the pension expense as follows:

<b>For The Years Ending June 30</b>	
2018	\$ 77,431
2019	77,426
2020	42,985
2021	(30,178)
2022	646
Thereafter	4,943
Total	<u>\$ 173,253</u>

**11. Payable to the Pension Plan**

As of March 31, 2018, the City expensed contributions of \$105,123 made to the pension plan after the pension plan measurement date of June 30, 2017 and recorded no payables to the pension plan.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**1. Plan Summary**

*Plan description:* The Uniformed Employees' Pension Plan (the Plan), is a closed, single-employer, defined benefit pension plan administered by the City of Rock Hill 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 Plan does not issue a separate financial report.

*Plan administration:* Management of the Plan is vested in the Uniformed Employees' Pension Board, which consists of five members—the Mayor and City Treasurer, who serves as ex-officio members, two elected by plan members, one appointed by the Mayor.

*Plan membership:* As of November 30, 2017 (the most recent actuarial valuation date), membership in the Plan is comprised of the following:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	9
Active employees	0
	<u>26</u>

*Benefits provided:* 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% of their final average monthly compensation reduced by 1/20<sup>th</sup> 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 1/20<sup>th</sup> 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 1/20<sup>th</sup> for each year of benefit service at normal retirement less than 20 years.



**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**1. Plan Summary (Continued)**

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.

*Contributions:* As of March 31, 2018, the City did not have a formal contribution policy. Annual contributions made to the Plan over the last five years averaged 76% of the Actuarial Required Contribution (ARC). Based on the actuary's recommendation, the City will research a contribution policy that better reflects the facts that the Plan is frozen and the number of active participants is declining.

**2. Net Pension Liability**

The City's net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions:* The total pension liability in the March 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Beginning</u>	<u>Ending</u>
Discount Rate	6.40%	6.40%
Investment Rate of Return	6.40%	6.40%
Salary Increases, including inflation	6.50%	6.50%
Inflation	3.00%	3.00%

**Mortality**

Pre-Retirement	RP-2000 Mortality Table projected to valuation date by Scale AA
Post-Retirement	RP-2000 Mortality Table projected to valuation date by Scale AA
Termination Rates	None
Disability Rates	None
Retirement Rates	100% retirement at age 60

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**2. Net Pension Liability (Continued)**

*Expected long-term rate of return:* The expected long-term rate of return was developed using the Black-Litterman Method by the Plan's financial advisor. Long-term capital market return assumptions were developed for each individual asset class included in the Plan. The return assumptions for each asset class are developed by combining historical equilibrium returns with the financial advisor's subjective views. These individual asset class return assumptions are then multiplied by the pension plan's target asset allocation to each individual class, which results in producing a long-term expected rate of return of 6.4 percent for the Plan. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Large cap	35%	8.15%
Small/Mid cap	15	9.10
International	10	8.80
Emerging markets	5	10.25
US fixed income	26	2.60
Global fixed income	5	2.35
Cash	4	0.20
Total	<u>100%</u>	

*Discount rate:* Discount rate may or may not be equal to the expected long-term rate of return. Assets and liabilities were projected into the future (assuming 75% of the required contributions are deposited) to determine if there is a point at which the assets are unable to pay benefits. The projections show that this occurs late enough that there is no measurable effect to the Discount Rate. The resulting effective interest rates are 6.40 percent and 6.40 percent for the fiscal years ending 3/31/2017 and 3/31/2018, respectively.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**2. Net Pension Liability (Continued)**

*Changes in net pension liability:*

**A. Total Pension Liability**

1. Service Cost	\$ 9,819
2. Interest on Total Pension Liability	196,213
3. Difference between expected and actual experience of the Total Pension Liability	26,686
4. Changes of Assumptions	-
5. Benefit payments, including refunds of employee contributions	(247,596)
6. Net change in total pension liability	(14,878)
7. Total Pension liability – March 31, 2017	3,184,931
8. Total Pension liability – March 31, 2018	<u>\$ 3,170,053</u>

**B. Plan Fiduciary Net Position**

1. Contributions – employer	\$ 150,000
2. Net investment income	175,953
3. Benefit payments, including refunds of employee contributions	(247,596)
4. Pension plan administrative expense	-
5. Other (Net Transfers)	-
6. Net Change in plan fiduciary net position	78,357
7. Plan fiduciary net position – March 31, 2017	1,998,017
8. Plan fiduciary net position – March 31 2018	<u>\$ 2,076,374</u>

**C. Net pension liability/(asset)** \$ 1,093,679

**D. Plan fiduciary net position as a percentage of the total Pension liability** 65.50%

**E. Covered-employee payroll** \$ 350,990

**F. Net pension liability as a percentage of covered employee payroll** 311.60%

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**2. Net Pension Liability (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability of the City, calculated using the discount rate of 6.40 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.40 percent) or 1-percentage-point higher (7.40 percent) than the current rate:

	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
City's net pension liability	\$ 1,398,084	\$ 1,093,679	\$ 932,016

**3. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended March 31, 2018, the City recognized pension expense of \$41,524. At March 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,097	\$ (91,813)
Net difference between projected and actual earnings on pension investment	87,445	(128,846)
Changes of assumptions	-	-
Total	<u>\$ 119,542</u>	<u>\$ (220,659)</u>

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**3. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Year ended March 31,**

2019	\$ (53,785)
2020	(16,977)
2021	5,731
2022	(24,818)
2023	(11,267)
Thereafter	(1)
Total	<u><u>\$ (101,117)</u></u>

**4. Payable to the Pension Plan**

At March 31, 2018, the City had no payable for contributions to the Plan.

Summary of financial reporting of the City's pension plans:

	<u>LAGERS</u>	<u>Uniformed Employees</u>	<u>Total</u>
Pension liabilities	\$ 4,359,566	\$ 3,170,053	\$ 7,529,619
Pension assets	<u>4,552,186</u>	<u>2,076,374</u>	<u>6,628,560</u>
Net pension liability(asset)	<u>\$ (192,620)</u>	<u>\$ 1,093,679</u>	<u>\$ 901,059</u>
 Pension related deferred outflow	 \$ 258,883	 \$ 119,542	 \$ 378,425
Pension related deferred inflow	\$ (85,630)	\$ (220,659)	\$ (306,289)
 Pension expenditures for the period associated with the net pension liabilities	 \$ 191,708	 \$ 42,524	 \$ 234,232

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE F – 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, health insurance, and general liability matters. The purpose of this trust is to distribute the cost of self-insurance over 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.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE G – 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.

**Construction Commitments**

The City has an active construction project for the design and construction of Municipal facilities. As of March 31, 2018 the City's commitments with contractors are as follows:

<b>Contractor</b>	<b>Total Spent As of March 31, 2018</b>	<b>Remaining Commitment</b>
Paric Corporation	\$ 211,312	\$ 18,103
Archimages	446,236	3,564
K&S Associates	2,470,790	3,212,180
Weis Group	7,007	16,943
Total	<u>\$ 3,135,345</u>	<u>\$ 3,250,790</u>

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE H – LONG-TERM LIABILITIES**

Long-term debt consists of the following:

	For the Year Ended March 31, 2018				
	Balance March 31, 2017	Additions	Reductions	Balance March 31, 2018	Amounts Due Within One Year
<b>General Obligation Bonds</b>					
Series 2010 Refunding	\$ 910,000	\$ -	\$ 175,000	\$ 735,000	\$ 175,000
Series 2011	3,200,000	-	3,135,000	65,000	65,000
Series 2016	5,890,000	-	240,000	5,650,000	245,000
Series 2017 Refunding	-	3,079,974	-	3,079,974	-
Plus – Premium	634,605	201,930	69,161	767,374	-
<b>Tax Increment Revenue Notes and Bonds</b>					
Tax increment revenue notes	8,337,701	-	-	8,337,701	-
Tax increment revenue bonds	15,540,000	-	900,000	14,640,000	750,000
Less – Discount	(166,088)	-	(8,938)	(157,150)	-
Compensated absences	162,456	108,933	105,405	165,984	99,590
Total	<u>\$34,508,674</u>	<u>\$3,390,837</u>	<u>\$4,615,628</u>	<u>\$33,283,883</u>	<u>\$1,334,590</u>

The general obligation bonds are to be liquidated by the Debt Service Fund. The tax increment revenue notes are to be liquidated by the SW TIF Fund. The compensated absences are to be liquidated by the General Fund and Park Fund.

**General Obligation Bonds**

General obligation bonds are obligations of the City, and the full faith credit, and resources of the City have been pledged to the payment of principal of and interest on the bonds and payables are comprised of the following issues:

In December, 2010, the City issued \$1,750,000 in General Obligation Refunding bonds to advance refund the Series 2002 General Obligation Bonds. The net proceeds (after payment of underwriting fees and other issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payments of the old debt. As of March 31, 2011, \$275,000 was remaining of the old debt which was placed in an irrevocable trust which was considered defeased. The City decreased its aggregated debt service payments by \$140,852 over 11 years, which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$95,638.

In July, 2011, the City issued \$3,500,000 in General Obligation Bonds with varying interest rates from 2% to 4.5% due in annual installments through March 1, 2031. The bonds were issued for the purpose of street improvements.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE H – LONG-TERM LIABILITIES (Continued)**

**General Obligation Bonds (Continued)**

In July, 2016, the City issued \$6,100,000 in General Obligation Bonds (Series 2016) with varying interest rates from 2% to 4% due in annual installments through March 1, 2036. The bonds were issued for the purpose of the construction of municipal facilities that include city hall, police station and fire station.

In September, 2017, the City issued \$3,079,974 in General Obligation Bonds (Series 2017) with varying interest rates from 2% to 3%. The City issued the bonds to advance refund the portion of the General Obligation Bonds (Series 2011) maturing on March 1, 2022 and thereafter, in the aggregate principal amount of \$3,080,000. The net proceeds of \$3,202,675 (after payment of underwriting fees and other issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payments of the old debt. As a result, that portion of the Series 2011 bonds is considered defeased, and the City has removed the liability from the Statement of Net Position. At March 31, 2018 the outstanding balance of the defeased debt is \$3,080,000. The defeased bonds will be redeemed on March 31, 2019. The City decreased its aggregated debt service payments by \$273,462 over 14 years, which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$230,565.

Debt service requirements for the bonds are as follows:

<b>General Obligation Bonds</b>				
<b>For The Years Ended March 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Compound Interest<sup>1</sup></b>	<b>Total</b>
2019	\$ 485,000	\$ 299,903	\$ -	\$ 784,903
2020	510,000	286,312	-	796,312
2021	525,000	273,925	-	798,925
2022	540,000	260,575	-	800,575
2023	555,000	246,850	-	801,850
2024-2028	2,944,974	1,017,550	55,026	4,017,550
2029-2033	2,760,000	517,150	-	3,277,150
2034-2036	1,210,000	98,200	-	1,308,200
<b>Total</b>	<b>\$ 9,529,974</b>	<b>\$ 3,000,465</b>	<b>\$ 55,026</b>	<b>\$ 12,585,465</b>

<sup>1</sup>General Obligation Refunding Bonds Series 2017 includes Capital Appreciation Bonds original principal amount of \$44,974, matures in 2025 with a maturity value of \$100,000. Interest is compounded annually.



**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE H – LONG-TERM LIABILITIES (Continued)**

**Tax Increment Revenue Notes and Bonds**

During 2015, the City issued \$16,350,000 of Tax Increment Revenue Bonds, Series 2015A (the “Priority Bonds”) in conjunction with \$8,337,701 of Tax Increment Revenue Notes, Series 2015B (the Subordinate Notes), to refund the Tax Increment Revenue Notes, Series A and Series B, fund a debt service reserve fund securing the Priority Bonds, and pay the costs of issuing the Bonds. The tax increment revenue bonds and 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.

**NOTE I – LEASE OBLIGATIONS**

**1. Operating Leases**

In 2011, the City entered into an operating lease agreement for an administration building. The lease term runs from June 2011 through May 2018 and requires escalating monthly payments of \$4,557 to \$5,165. The City will rent on a monthly basis after the lease expires from June 2018 through September 2018.

In 2013, the City entered into an operating lease agreement for a Fire Barn. The lease agreement runs from August 2013 through August 2015, and there are three optional 1-year extensions. The initial 2-year term required a one-time payment of \$57,850. During the fiscal year, the City exercised the third optional 1-year extension for \$28,200, as stated in the agreement.

<b><u>For The Years</u></b> <b><u>Ended March 31,</u></b>	<b><u>Amount</u></b>
2019	\$ 5,165

Lease expenditures for the fiscal year ended March 31, 2018 were \$90,079.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE J – RECONCILIATION OF INTERFUND TRANSACTIONS**

**1. Interfund Transfers**

	<u>Transfers From</u>	<u>Transfers To</u>	<u>Net Transfers</u>
<b>Major Funds</b>			
General Capital Projects Fund.....	\$ -	\$ 180,000	\$ 180,000
Infrastructure Capital Projects Fund.....	-	400,000	400,000
<b>Non-major Funds</b>			
Park Fund.....	(400,000)	-	(400,000)
NW TIF Fund.....	(180,000)	-	(180,000)
Total.....	<u>\$ (580,000)</u>	<u>\$ 580,000</u>	<u>\$ -</u>

The transfer from the Park Fund, and the Infrastructure Capital Projects Fund was for the purpose of funding capital infrastructure projects that involve stormwater improvements. The transfer from the NW TIF Fund to the General Capital Projects Fund was for use toward the construction of the fire station.

**2. Advances From/To Other Funds**

Individual interfund assets and liabilities balances are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>March 31, 2018</u>
General Fund	Sewer Lateral Fund	\$ 7,500

The advance amount payable to the General fund relates to a loan to the Sewer Lateral Fund to stabilize the fund.

**NOTE K – UNRESTRICTED NET POSITION DEFICIT**

The government-wide statement of net position reflects an unrestricted net position deficit of (\$24,198,659). This total is comprised of \$1,761,245 in unrestricted net position from operations, an unrestricted net position deficit resulting from the issuance of tax increment revenue bonds and notes in the amount of (\$22,820,551) and interest payable on these notes of (\$1,864,751), which is for development not owned by the City, unspent bond proceeds of (\$445,679), and net pension liability net of deferred outflows and inflows related to pension of (\$828,923).

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

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE L – RESTRICTED NET POSITION**

The government-wide statement of net position reports \$6,101,093 of restricted net assets, of which 100% is restricted by enabling legislation.

**NOTE M – 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. As of March 31, 2018, the City received \$1,641,301 in tax incremental revenues that were pledged for the debt service on the TIF bonds and notes. Information regarding the TIF bonds and notes are reported in Note H.

**NOTE N – MUNICIPAL COURT TRAFFIC VIOLATIONS FINES AND COSTS**

Missouri State statutes require municipalities to report an accounting of the percent of “annual general operating revenue” from fines and costs for traffic violations. All fines and costs from traffic violations in excess of 20% of the City’s “annual general operating revenue” are required to be remitted to the director of the department of revenue for annual distribution to the schools of the county. “Annual general operating revenue of the City” is defined by the Missouri State Auditor as revenue that is not required by the enacting ordinance law or Constitution to be used only for a designated purpose and can be used to pay any bill or obligation of the City. This includes, but is not limited to, general sales tax, general property tax, and fees from certain licenses and permits, interest, fines, and penalties. “General Operation Revenues” does not include, among other items, designated sales or use taxes, user fees, grant funds or other revenue designated by law, ordinance, or Constitution, for a specific purpose.

Total court fines and costs (all case types).....	\$ 366,849
Total general operating revenue of the City.....	<u>2,720,852</u>
 Court fines and costs as a percentage of total general operating revenue of the City.....	 <u>13.5%</u>

**NOTE O – FEDERAL FORFEITURE ACTIVITY**

For the year ended March 31, 2018, the City had a zero beginning fund balance, no revenues, and no expenditures, for a zero ending balance in the Asset Forfeiture Fund. There is an outstanding liability of \$1,420.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE P – PRIOR PERIOD ADJUSTMENTS**

Fiscal year 2017 net position restricted for capital projects and unrestricted (deficit) was adjusted as follows:

Government-Wide Financials-Governmental Activities

Net Position:

Restricted for capital projects, as originally reported.....	\$ 6,719,220
Adjust for unspent bond proceeds classified as unrestricted.....	<u>(6,209,011)</u>
Net position restricted for capital projects, restated.....	<u>\$ 510,209</u>
Unrestricted (deficit), as originally reported.....	\$ (28,867,224)
Adjust for unspent bond proceeds that should have been adjusted against net position restricted for capital projects.....	<u>6,209,011</u>
Net position unrestricted (deficit), restated.....	<u><u>\$ (22,658,213)</u></u>

**NOTE Q – SUBSEQUENT EVENTS**

In May 2018, the Uniformed Employee Pension Plan (UEPP) board voted unanimously to recommend to the Board of Alderman that the administration and trustee service for the Uniformed Employees Pension Plan be transferred to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS assuming the UEPP will provide the City with lower annual fixed contributions payments for a fifteen year period while providing the promised benefit payments to the plans participants. In June 2018, the Board of Aldermen approved the UEPP board recommendation.

**NOTE R - RECENT ACCOUNTING PRONOUNCEMENTS**

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Government Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

In March 2016, the GASB issued Statement No 82, “Pension Issues—an amendment of GASB Statements No 67, No. 68, and No. 73.” The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, “Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2018, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2018.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**NOTE Q - RECENT ACCOUNTING PRONOUNCEMENTS (Continued)**

In January 2017, the GASB issued Statement No 84, “Fiduciary Activities.” The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for account and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

In March 2017, the GASB issued Statement No 85, “Omnibus 2017.” The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

In May 2017, the GASB issued Statement No 86 “Certain Debt Extinguishment Issues.” The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt. This Statement also improves account and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

In June 2017, the GASB issued Statement No 87 “Leases.” The objective of this Statement is to better meet the information needs of the financial statement user by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

The effects of the City’s financial statements as a result of the adoption of these new pronouncements are unknown.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Property tax.....	\$ 312,000	\$ 290,000	\$ 304,662	\$ 14,662
<b>Gross Receipt Taxes:</b>				
Cable television.....	75,000	64,750	63,920	(830)
Electric.....	362,250	380,000	383,597	3,597
Gas.....	180,000	180,000	181,846	1,846
Telephone.....	155,250	138,000	128,412	(9,588)
Water.....	65,600	65,600	67,528	1,928
Total Gross Receipts Taxes.....	838,100	828,350	825,303	(3,047)
<b>Sales Tax:</b>				
County sales tax.....	960,075	930,075	912,214	(17,861)
Fire sales tax.....	220,000	220,000	212,719	(7,281)
County public safety sales tax.....	-	115,000	117,901	2,901
Total Sales Tax.....	1,180,075	1,265,075	1,242,834	(22,241)
<b>Licenses, permits, fines and fees:</b>				
Auto personal property.....	13,400	13,400	13,435	35
Building permits.....	18,000	18,000	18,707	707
Liquor.....	11,200	11,200	9,460	(1,740)
Merchants' licenses.....	207,350	190,550	190,016	(534)
Fines and court costs.....	400,000	375,000	372,105	(2,895)
Total Licenses and Permits.....	649,950	608,150	603,723	(4,427)
<b>Intergovernmental:</b>				
Cigarette tax.....	22,705	22,705	22,705	-
<b>Investment Income.....</b>	<b>8,000</b>	<b>8,000</b>	<b>7,733</b>	<b>(267)</b>
<b>Miscellaneous:</b>				
Grant income.....	3,750	3,750	1,000	(2,750)
Miscellaneous.....	10,000	45,680	44,412	(1,268)
Total Miscellaneous.....	13,750	49,430	45,412	(4,018)
Total Revenues.....	3,024,580	3,071,710	3,052,372	(19,338)

(Continued)

See accompanying independent auditor's report and notes to the budgetary comparison information.

**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>EXPENDITURES</b>				
Current:				
<b>Administration:</b>				
Personnel services.....	379,049	391,535	383,694	(7,841)
Contracted services.....	146,001	146,001	150,938	4,937
Operating expenditures.....	38,437	38,437	37,416	(1,021)
Capital outlay.....	1,872	1,872	1,858	(14)
Total Administration.....	<u>565,359</u>	<u>577,845</u>	<u>573,906</u>	<u>(3,939)</u>
<b>Fire Department:</b>				
Personnel services.....	891,979	931,611	926,137	(5,474)
Contracted services.....	56,094	56,094	49,792	(6,302)
Operating expenditures.....	12,500	12,500	9,850	(2,650)
Capital outlay.....	1,000	1,000	540	(460)
Total Fire Department.....	<u>961,573</u>	<u>1,001,205</u>	<u>986,319</u>	<u>(14,886)</u>
<b>Housing Department:</b>				
Personnel services.....	15,674	15,674	16,380	706
Contracted services.....	1,480	1,480	-	(1,480)
Operating expenditures.....	1,655	1,655	135	(1,520)
Total Housing.....	<u>18,809</u>	<u>18,809</u>	<u>16,515</u>	<u>(2,294)</u>
<b>Municipal Court:</b>				
Personnel services.....	137,901	137,901	121,257	(16,644)
Contracted services.....	22,450	22,450	18,309	(4,141)
Operating expenditures.....	5,000	5,000	6,441	1,441
Capital outlay.....	2,000	2,000	107	(1,893)
Total Municipal Court.....	<u>167,351</u>	<u>167,351</u>	<u>146,114</u>	<u>(21,237)</u>
<b>Police Department:</b>				
Personnel services.....	897,904	897,904	880,293	(17,611)
Contracted services.....	111,233	111,233	114,605	3,372
Operating expenditures.....	9,378	9,378	10,355	977
Total Police Department.....	<u>1,018,515</u>	<u>1,018,515</u>	<u>1,005,253</u>	<u>(13,262)</u>

(Continued)

See accompanying independent auditor's report and notes to the budgetary comparison information.

**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Public Works</b>				
Personnel services.....	262,675	262,675	282,192	19,517
Contracted services.....	103,535	103,535	107,919	4,384
Operating expenditures.....	86,039	86,039	39,823	(46,216)
Total Public Works.....	452,249	452,249	429,934	(22,315)
Total Expenditures.....	3,183,856	3,235,974	3,158,041	(77,933)
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>\$ (159,276)</b>	<b>\$ (164,264)</b>	(105,669)	<b>\$ 58,595</b>
FUND BALANCE, APRIL 1.....			1,836,777	
<b>FUND BALANCE, MARCH 31.....</b>			<b>\$ 1,731,108</b>	

See accompanying independent auditor's report and notes to the budgetary comparison information.

**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-PARK FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Sales tax - parks/stormwater.....	\$ 435,000	\$ 435,000	\$ 426,185	\$ (8,815)
Intergovernmental:				
Grant income.....	327,250	327,250	312,201	(15,049)
Park and recreation programs.....	7,500	7,500	5,760	(1,740)
Fall Festival.....	-	-	1,000	1,000
Total Revenues.....	<u>769,750</u>	<u>769,750</u>	<u>745,146</u>	<u>(24,604)</u>
<b>EXPENDITURES</b>				
Personnel services.....	203,556	203,556	194,825	(8,731)
Contracted services.....	14,632	14,632	13,217	(1,415)
Operating expenditures.....	15,350	15,350	12,880	(2,470)
Capital outlay.....	336,400	336,400	304,052	(32,348)
Total Expenditures.....	<u>569,938</u>	<u>569,938</u>	<u>524,974</u>	<u>(44,964)</u>
<b>REVENUES OVER(UNDER)</b>				
EXPENDITURES.....	<u>199,812</u>	<u>199,812</u>	<u>220,172</u>	<u>20,360</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out.....	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Total Other Financing Sources (Uses).....	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE.....</b>	<u><u>\$ (200,188)</u></u>	<u><u>\$ (200,188)</u></u>	<u>(179,828)</u>	<u><u>\$ 20,360</u></u>
FUND BALANCE, APRIL 1.....			<u>373,128</u>	
FUND BALANCE, MARCH 31.....			<u><u>\$ 193,300</u></u>	

See accompanying independent auditor's report.

**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-SW TIF FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Property tax.....	\$ 522,000	\$ 599,350	\$ 599,349	\$ (1)
Sales Tax.....	533,000	539,260	534,153	(5,107)
TDD Sales Tax.....	269,000	269,000	250,903	(18,097)
CID Sales Tax.....	269,000	269,000	256,897	(12,103)
Investment Income.....	200	6,025	6,016	(9)
Miscellaneous revenue.....	-	-	-	-
Total Revenues.....	<u>1,593,200</u>	<u>1,682,635</u>	<u>1,647,318</u>	<u>(35,317)</u>
<b>EXPENDITURES</b>				
Current:				
Administration.....	2,500	2,500	-	(2,500)
Debt service:				
Principal	820,000	900,000	900,000	-
Interest and fiscal agent fees.....	<u>675,000</u>	<u>696,000</u>	<u>698,412</u>	<u>2,412</u>
Total Expenditures.....	<u>1,497,500</u>	<u>1,598,500</u>	<u>1,598,412</u>	<u>(88)</u>
<b>NET CHANGE IN FUND BALANCE.....</b>	<u><u>\$ 95,700</u></u>	<u><u>\$ 84,135</u></u>	48,906	<u><u>\$ (35,229)</u></u>
<b>FUND BALANCE, APRIL 1.....</b>			<u>2,366,277</u>	
<b>FUND BALANCE, MARCH 31.....</b>			<u><u>\$ 2,415,183</u></u>	

See accompanying independent auditor's report and notes to the budgetary comparison information.

**CITY OF ROCK HILL, MISSOURI**  
**NOTES TO SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**1. 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, SW TIF Fund, NW TIF Fund, Debt Service Fund, Sewer Lateral Fund, Park Fund, Police Training Fund, Asset Forfeiture Fund, General Capital Projects Fund, and Infrastructure Capital Projects Fund.
- g. The issuance of long-term refunding debt and proceeds of capital leases and related expenditures are not budgeted.

**CITY OF ROCK HILL, MISSOURI**  
**MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**LAST THREE FISCAL YEARS**

	FISCAL YEAR ENDING MARCH 31,		
	2018	2017	2016
<b>Total Pension Liability (TPL)</b>			
Service Cost.....	\$ 136,571	\$ 122,314	\$ 119,202
Interest on Total Pension Liability.....	294,475	263,215	252,091
Change in Benefit Terms.....	-	-	-
Assumption Changes.....	(5,519)	122,989	-
Experience Gains/Losses.....	(14,473)	62,288	(99,582)
Benefit Payments.....	(131,105)	(121,190)	(118,478)
Net Change in Total Pension Liability.....	279,949	449,616	153,233
<b>Total Pension Liability-July 1.....</b>	<b>4,079,617</b>	<b>3,630,001</b>	<b>3,476,768</b>
<b>Total Pension Liability-June 30.....</b>	<b>\$ 4,359,566</b>	<b>\$ 4,079,617</b>	<b>\$ 3,630,001</b>
<b>Plan Fiduciary Net Position (FNP)</b>			
Contributions - employer.....	128,149	129,004	130,640
Net Investment Income.....	479,687	(8,428)	77,425
Benefit Payments.....	(131,105)	(121,190)	(118,478)
Administrative Expenses.....	(4,383)	(4,459)	(4,660)
Other (Net Transfers).....	26,606	(33,703)	81,341
Net Change in Plan Fiduciary Net Position.....	498,954	(38,776)	166,268
<b>Total Fiduciary Net Position-July 1.....</b>	<b>4,053,232</b>	<b>4,092,008</b>	<b>3,925,740</b>
<b>Total Fiduciary Net Position-June 30.....</b>	<b>\$ 4,552,186</b>	<b>\$ 4,053,232</b>	<b>\$ 4,092,008</b>
<b>Net Pension Liability (Asset)-June 30.....</b>	<b>\$ (192,620)</b>	<b>\$ 26,385</b>	<b>\$ (462,007)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability.....</b>	<b>104.42%</b>	<b>99.35%</b>	<b>112.73%</b>
<b>Covered-employee payroll.....</b>	<b>\$ 1,690,900</b>	<b>\$ 1,672,879</b>	<b>\$ 1,493,000</b>
<b>Net pension liability as a percentage of covered-employee payroll.....</b>	<b>-11.39%</b>	<b>1.58%</b>	<b>-30.95%</b>
<b>Sensitivity of Total Pension Liability to changes in the Discount Rate +/-1%.....</b>			
Total Pension Liability (Discount Rate).....	4,359,566	4,079,617	3,630,001
Total Pension Liability (Discount Rate + 1%).....	3,827,077	3,579,651	3,206,161
Total Pension Liability (Discount Rate - 1%).....	5,006,555	4,687,452	4,137,445

**Notes to Schedule:**

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying independent auditor's report.

**CITY OF ROCK HILL, MISSOURI**  
**MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarial Determined Contributions.....	\$ 135,333	\$ 128,906	\$ 132,537	\$ 130,159	\$ 133,359	\$ 139,925	\$ 136,249	\$ 126,332	\$ 105,578	\$ 119,340
Actual Contributions Deposited.....	135,333	128,906	132,537	130,159	133,359	133,449	127,310	112,226	105,578	119,340
Annual Contribution Deficiency/(Excess).....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,476	\$ 8,939	\$ 14,106	\$ -	\$ -
Covered-employee Payroll.....	\$ 1,723,240	\$ 1,770,391	\$ 1,621,072	\$ 1,519,613	\$ 1,538,006	\$ 1,524,600	\$ 1,592,732	\$ 1,530,927	\$ 1,565,171	\$ 1,610,915
Contributions as a Percentage of Covered-employee Payroll.....	7.85%	7.28%	8.18%	8.57%	8.67%	8.75%	7.99%	7.33%	6.75%	7.41%

**Notes to Schedule**

Valuation date:

Actuarially determined contribution rates are calculated as of February 28 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method.....	Entry age normal and Modified Terminal Funding
Amortization method.....	Level percent of payroll, closed
Remaining amortization period.....	Multiple bases from 15 to 16 years
Asset valuation method.....	5 years smoothed market; 20% corridor
Inflation.....	3.25% age inflation; 2.50% price inflation
Salary increases.....	3.25% - 6.55%; including wage inflation
Investment rate of return.....	7.25%, net of investment and administrative expenses
Retirement age.....	Experience-based table of rates that are specific to the type of eligibility condition
Mortality.....	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.
Other information.....	Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
	New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

See accompanying independent auditor's report.



**CITY OF ROCK HILL, MISSOURI**  
**UNIFORMED EMPLOYEES' PENSION PLAN**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**LAST FOUR FISCAL YEARS**

	FISCAL YEAR ENDING MARCH 31,			
	2018	2017	2016	2015
<b>Total Pension Liability (TPL)</b>				
Service Cost.....	\$ 9,819	\$ 9,804	\$ 9,815	\$ 10,075
Interest on Total Pension Liability.....	196,213	209,126	210,743	210,136
Change in Benefit Terms.....	-	-	-	-
Assumption Changes.....	-	-	-	423
Actuarial (Gain)/Loss.....	26,686	(158,829)	29,459	13,846
Benefit Payments.....	(247,596)	(273,297)	(276,497)	(250,752)
Net Change in Total Pension Liability.....	(14,878)	(213,196)	(26,480)	(16,272)
<b>Total Pension Liability-April 1.....</b>	<b>3,184,931</b>	<b>3,398,127</b>	<b>3,424,607</b>	<b>3,440,879</b>
<b>Total Pension Liability-March 31.....</b>	<b>\$ 3,170,053</b>	<b>\$ 3,184,931</b>	<b>\$ 3,398,127</b>	<b>\$ 3,424,607</b>
<b>Plan Fiduciary Net Position (FNP)</b>				
Contributions - employer.....	150,000	150,000	150,000	275,000
Net Investment Income.....	175,953	182,842	(21,283)	175,565
Benefit Payments.....	(247,596)	(273,297)	(276,497)	(250,752)
Administrative Expenses.....	-	-	-	-
Other.....	-	-	-	-
Net Change in Plan Fiduciary Net Position.....	78,357	59,545	(147,780)	199,813
<b>Total Fiduciary Net Position-April 1.....</b>	<b>1,998,017</b>	<b>1,938,472</b>	<b>2,086,252</b>	<b>1,886,439</b>
<b>Total Fiduciary Net Position-March 31.....</b>	<b>\$ 2,076,374</b>	<b>\$ 1,998,017</b>	<b>\$ 1,938,472</b>	<b>\$ 2,086,252</b>
<b>Net Pension Liability (Asset)-March 31.....</b>	<b>\$ 1,093,679</b>	<b>\$ 1,186,914</b>	<b>\$ 1,459,655</b>	<b>\$ 1,338,355</b>
<b>Plan fiduciary net position as a percentage of the total pension liability.....</b>	<b>65.50%</b>	<b>62.73%</b>	<b>57.05%</b>	<b>60.92%</b>
<b>Covered-employee payroll.....</b>	<b>\$ 350,990</b>	<b>\$ 350,990</b>	<b>\$ 350,990</b>	<b>\$ 350,990</b>
<b>Net pension liability as of a percentage of covered-employee payroll.....</b>	<b>311.60%</b>	<b>338.16%</b>	<b>415.87%</b>	<b>381.31%</b>
<b>Money-weighted rate of return.....</b>	<b>10.03%</b>	<b>10.03%</b>	<b>-1.07%</b>	<b>9.27%</b>
<b>Sensitivity of Total Pension Liability to changes in the Discount Rate +/-1%.....</b>				
Total Pension Liability (Discount Rate).....	3,170,053	3,184,931	3,398,127	3,424,607
Total Pension Liability (Discount Rate + 1%).....	2,908,390	2,917,231	3,115,406	3,134,935
Total Pension Liability (Discount Rate - 1%).....	3,474,458	3,497,242	3,728,195	3,763,878

**Notes to Schedule:**

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF ROCK HILL, MISSOURI**  
**UNIFORMED EMPLOYEES' PENSION PLAN**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarial Determined Contributions.....	\$ 212,536	\$ 212,536	\$ 199,227	\$ 199,227	\$ 251,551	\$ 251,551	\$ 293,522	\$ 293,522	\$ 260,954	\$ 260,954
Actual Contributions Deposited.....	150,000	150,000	150,000	275,000	-	210,325	216,269	280,000	142,000	237,000
Annual Contribution Deficiency/(Excess).....	<u>\$ 62,536</u>	<u>\$ 62,536</u>	<u>\$ 49,227</u>	<u>\$ (75,773)</u>	<u>\$ 251,551</u>	<u>\$ 41,226</u>	<u>\$ 77,253</u>	<u>\$ 13,522</u>	<u>\$ 118,954</u>	<u>\$ 23,954</u>
Covered-employee Payroll.....	\$ 350,990	\$ 350,990	\$ 350,990	\$ 350,990	\$ 478,997	\$ 478,997	\$ 490,972	\$ 490,972	\$ 520,298	\$ 520,298
Contributions as a Percentage of Covered-employee Payroll.....	42.74%	42.74%	42.74%	78.35%	0.00%	43.91%	44.05%	57.03%	27.29%	45.55%

**Notes to Schedule**

Valuation date:

Actuarially determined contributions are calculated biennially as of May 1.

Methods and assumptions used to determine contribution rates:

The Level Dollar Aggregate Fund Method has been used to determine the annual contributions amounts for Fiscal Years 2007 through 2016.

Under this method, the Normal Cost is the normal cost per active participant multiplied by the number of active participants. The normal cost per active participant is the present value of projected benefits less the actuarial value of the assets, divided by the total present value of \$1 per year for every year of a participant's anticipated future service, determined as of the participant's attained age.

**ACTUARIAL ASSUMPTIONS**

**Assumptions for Active Employees:**

Discount rate.....	6.40%
Investment rate of return.....	6.40%
Salary increases, including inflation.....	6.50%
Inflation.....	3.00%
Mortality of Employees.....	RP-2000 Mortality Table projected to valuation date by Scale AA
Termination Rates.....	None
Disablement Rates.....	None
Retirement Age.....	100% retirement at age 60

**Assumptions for Retired Employees:**

Investment Return.....	6.40%
Mortality of Employees.....	RP-2000 Mortality Table projected to valuation date by Scale AA

See accompanying independent auditor's report.

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**OTHER SUPPLEMENTARY  
INFORMATION**

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## **NON-MAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS**

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Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessment, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds maintained by the City are as follows:

Police Training Fund - Used to account for police training revenues from the municipal court costs and the payment of training and travel for the police department.

Asset Forfeiture Fund - Used to account for proceeds from the City's portion of seized assets as required by the United States Attorney General's Guidelines on Seized and Forfeited Property.

Sewer Lateral - Used to account for the sewer lateral insurance fees restricted specifically for repairs of broken single-family and condominium residential sewer laterals.

NW TIF Fund – Used to account for activities of the City's NW redevelopment area tax increment financing district.

**CITY OF ROCK HILL, MISSOURI**  
**COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS**  
**MARCH 31, 2018**

	Police Training Fund	Asset Forfeiture Fund	Sewer Lateral Fund	NW TIF Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and investments.....	\$ 10,645	\$ 1,420	\$ 44,555	\$ 52,579	\$ 109,199
Receivables (net):					
Property tax.....	-	-	-	46,236	46,236
Municipal taxes.....	-	-	-	350	350
Other receivables.....	-	-	1,497	-	1,497
<b>TOTAL ASSETS.....</b>	<b>\$ 10,645</b>	<b>\$ 1,420</b>	<b>\$ 46,052</b>	<b>\$ 99,165</b>	<b>\$ 157,282</b>
<b>Liabilities</b>					
Accounts payable.....	\$ -	\$ 1,420	\$ 8,495	\$ -	\$ 9,915
Advances from other funds.....	-	-	7,500	-	7,500
Total Liabilities.....	-	1,420	15,995	-	17,415
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-property taxes	\$ -	\$ -	\$ -	\$ 1,190	\$ 1,190
Total Deferred Outflows of Resources	-	-	-	1,190	1,190
<b>Fund Balances</b>					
Restricted for:					
Police training.....	10,645	-	-	-	10,645
Sewer lateral.....	-	-	30,057	-	30,057
Tax increment financing.....	-	-	-	97,975	97,975
Total Fund Balances	10,645	-	30,057	97,975	138,677
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 10,645</b>	<b>\$ 1,420</b>	<b>\$ 46,052</b>	<b>\$ 99,165</b>	<b>\$ 157,282</b>

See accompanying independent auditor's report.

**CITY OF ROCK HILL, MISSOURI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Police Training Fund	Asset Forfeiture Fund	Sewer Lateral Fund	NW TIF Fund	Total Governmental Funds
<b>REVENUES</b>					
Property tax.....	\$ -	\$ -	\$ -	\$ 46,595	\$ 46,595
Sales tax.....	-	-	-	9,929	9,929
Miscellaneous.....	9,325	-	61,087	-	70,412
Total Revenues.....	<u>9,325</u>	<u>-</u>	<u>61,087</u>	<u>56,524</u>	<u>126,936</u>
<b>EXPENDITURES</b>					
Current:					
Administration.....	-	-	-	180,000	180,000
Police department.....	7,884	-	-	-	7,884
Capital outlay.....	-	-	60,440	-	60,440
Debt services:					
Interest.....	-	-	-	7,500	7,500
Total Expenditures.....	<u>7,884</u>	<u>-</u>	<u>60,440</u>	<u>187,500</u>	<u>255,824</u>
<b>REVENUES OVER(UNDER) EXPENDITURES</b>	<u>1,441</u>	<u>-</u>	<u>647</u>	<u>(130,976)</u>	<u>(128,888)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out.....	-	-	-	(180,000)	(180,000)
Total Other Financing Sources (Uses).....	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180,000)</u>	<u>(180,000)</u>
<b>NET CHANGE IN FUND BALANCES.....</b>	<u>1,441</u>	<u>-</u>	<u>647</u>	<u>(310,976)</u>	<u>(308,888)</u>
<b>FUND BALANCES, APRIL 1.....</b>	<u>9,204</u>	<u>-</u>	<u>29,410</u>	<u>408,951</u>	<u>447,565</u>
<b>FUND BALANCES, MARCH 31.....</b>	<u>\$ 10,645</u>	<u>\$ -</u>	<u>\$ 30,057</u>	<u>\$ 97,975</u>	<u>\$ 138,677</u>

See accompanying independent auditor's report.

**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-POLICE TRAINING FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Miscellaneous.....	\$ 13,200	\$ 13,200	\$ 9,325	\$ (3,875)
<b>EXPENDITURES</b>				
Current:				
Police department.....	13,497	13,497	7,884	(5,613)
<b>NET CHANGE IN FUND BALANCE.....</b>	<u>\$ (297)</u>	<u>\$ (297)</u>	1,441	<u>\$ 1,738</u>
FUND BALANCE, APRIL 1.....			<u>9,204</u>	
<b>FUND BALANCE, MARCH 31.....</b>			<u>\$ 10,645</u>	

See accompanying independent auditor's report.

**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-ASSET FORFEITURE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

---

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Licenses, permits, fines and fees.....	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Current:				
Police department - capital outlay.....	-	-	-	-
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>\$ -</b>	<b>\$ -</b>	-	<b>\$ -</b>
<b>FUND BALANCE, APRIL 1.....</b>			-	
<b>FUND BALANCE, MARCH 31.....</b>			<b>\$ -</b>	

See accompanying independent auditor's report.



**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-SEWER LATERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Miscellaneous.....	\$ 65,000	\$ 60,850	\$ 61,087	\$ 237
<b>EXPENDITURES</b>				
Current:				
Capital Outlay.....	54,000	60,440	60,440	-
<b>NET CHANGE IN FUND BALANCE.....</b>	<u>\$ 11,000</u>	<u>\$ 410</u>	647	<u>\$ 237</u>
FUND BALANCE, APRIL 1.....			<u>29,410</u>	
<b>FUND BALANCE, MARCH 31.....</b>			<u>\$ 30,057</u>	

See accompanying independent auditor's report.

**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-NW TIF FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Property tax.....	\$ 64,500	\$ 64,500	\$ 46,595	\$ (17,905)
Sales Tax.....	12,300	12,300	9,929	(2,371)
Total Revenues.....	<u>76,800</u>	<u>76,800</u>	<u>56,524</u>	<u>(20,276)</u>
<b>EXPENDITURES</b>				
Current:				
Administration.....	193,000	193,000	180,000	(13,000)
Debt service:.....				
Interest.....	1,500	1,500	7,500	6,000
Total Expenditures.....	<u>194,500</u>	<u>194,500</u>	<u>187,500</u>	<u>(7,000)</u>
<b>REVENUES OVER(UNDER)</b>				
<b>EXPENDITURES</b>	<u>(117,700)</u>	<u>(117,700)</u>	<u>(130,976)</u>	<u>(13,276)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	<u>(180,000)</u>	<u>(180,000)</u>	<u>(180,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(180,000)</u>	<u>(180,000)</u>	<u>(180,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE.....</b>	<u><u>\$ (297,700)</u></u>	<u><u>\$ (297,700)</u></u>	<u>(310,976)</u>	<u><u>\$ (13,276)</u></u>
FUND BALANCE, APRIL 1.....			<u>408,951</u>	
FUND BALANCE, MARCH 31.....			<u><u>\$ 97,975</u></u>	

See accompanying independent auditor's report.

**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-DEBT SERVICE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Property tax.....	\$ 825,500	\$ 825,500	\$ 862,861	\$ 37,361
Miscellaneous.....	500	500	4,939	4,439
Total Revenues.....	<u>826,000</u>	<u>826,000</u>	<u>867,800</u>	<u>41,800</u>
<b>EXPENDITURES</b>				
Current:				
Administrative.....	-	-	4,200	4,200
Debt service:				
Principal.....	470,000	470,000	470,000	-
Interest and fiscal charges.....	343,000	343,000	326,321	(16,679)
Bond issuance costs.....	-	-	79,229	79,229
Total Expenditures.....	<u>813,000</u>	<u>813,000</u>	<u>879,750</u>	<u>66,750</u>
<b>REVENUES OVER(UNDER)</b>				
<b>EXPENDITURES</b>	<u>13,000</u>	<u>13,000</u>	<u>(11,950)</u>	<u>(24,950)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued.....	-	-	3,079,974	3,079,974
Premium on refunding bonds issued.....	-	-	201,930	201,930
Payment to refunded bond escrow agent.....	-	-	(3,202,675)	(3,202,675)
Total Other Financing Sources (Uses).....	<u>-</u>	<u>-</u>	<u>79,229</u>	<u>79,229</u>
<b>NET CHANGE IN FUND BALANCE.....</b>	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>67,279</u>	<u>\$ 54,279</u>
<b>FUND BALANCE, APRIL 1.....</b>			<u>347,636</u>	
<b>FUND BALANCE, MARCH 31.....</b>			<u>\$ 414,915</u>	

See accompanying independent auditor's report.

**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-GENERAL CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Sales tax - capital improvement.....	\$ 366,500	\$ 366,500	\$ 354,585	\$ (11,915)
Intergovernmental:				
Grant income.....	3,789	3,789	-	(3,789)
Investment income.....	-	-	20,194	20,194
Miscellaneous revenue.....	-	-	700	700
Total Revenues.....	<u>370,289</u>	<u>370,289</u>	<u>375,479</u>	<u>5,190</u>
<b>EXPENDITURES</b>				
Administration.....	216,835	216,835	238,311	21,476
Capital outlay.....	5,902,384	5,902,384	4,114,490	(1,787,894)
Debt Service:				
Interest.....	-	-	555	555
Total Expenditures.....	<u>6,119,219</u>	<u>6,119,219</u>	<u>4,353,356</u>	<u>(1,765,863)</u>
<b>REVENUES OVER(UNDER)</b>				
<b>EXPENDITURES.....</b>	<u>(5,748,930)</u>	<u>(5,748,930)</u>	<u>(3,977,877)</u>	<u>1,771,053</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in.....	180,000	180,000	180,000	-
Transfer out.....	(22,758)	(22,758)	-	22,758
Sale of capital assets.....	16,000	16,000	16,780	780
Total Other Financing Sources (Uses).....	<u>173,242</u>	<u>173,242</u>	<u>196,780</u>	<u>23,538</u>
<b>NET CHANGE IN FUND BALANCE.....</b>	<u><u>\$ (5,575,688)</u></u>	<u><u>\$ (5,575,688)</u></u>	<u>(3,781,097)</u>	<u><u>\$ 1,794,591</u></u>
<b>FUND BALANCE, APRIL 1.....</b>			<u>6,476,604</u>	
<b>FUND BALANCE, MARCH 31.....</b>			<u><u>\$ 2,695,507</u></u>	

See accompanying independent auditor's report.

**CITY OF ROCK HILL, MISSOURI**  
**SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL-INFRASTRUCTURE CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Intergovernmental:				
Gasoline tax.....	\$ 125,000	\$ 125,000	\$ 124,572	\$ (428)
Motor vehicle tax.....	60,000	60,000	62,689	2,689
Road and bridge.....	110,000	110,000	106,681	(3,319)
Total Revenues.....	<u>295,000</u>	<u>295,000</u>	<u>293,942</u>	<u>(1,058)</u>
<b>EXPENDITURES</b>				
Capital outlay.....	<u>671,585</u>	<u>671,585</u>	<u>668,806</u>	<u>(2,779)</u>
Total Expenditures.....	<u>671,585</u>	<u>671,585</u>	<u>668,806</u>	<u>(2,779)</u>
<b>REVENUES OVER(UNDER)</b>				
<b>EXPENDITURES.....</b>	<u>(376,585)</u>	<u>(376,585)</u>	<u>(374,864)</u>	<u>1,721</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in.....	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total Other Financing Sources (Uses).....	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE.....</b>	<u>\$ 23,415</u>	<u>\$ 23,415</u>	<u>25,136</u>	<u>\$ 1,721</u>
FUND BALANCE, APRIL 1.....			<u>242,616</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 267,752</u>	

See accompanying independent auditor's report.

**CITY OF ROCK HILL, MISSOURI**  
**STATEMENT OF**  
**CHANGES IN ASSETS AND LIABILITIES-AGENCY FUND**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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	Balance March 31, 2017	Additions	Deductions	Balance March 31, 2018
<b>COURT BONDS</b>				
<b>ASSETS</b>				
Cash - restricted.....	\$ 5,410	\$ 14,845	\$ 15,945	\$ 4,310
<b>Liabilities</b>				
Deposits payable.....	\$ 5,410	\$ 14,845	\$ 15,945	\$ 4,310

See accompanying independent auditor's report.

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**City of  
Rock Hill**

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**Statistical Section**

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**CITY OF ROCK HILL, MISSOURI**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**STATISTICAL SECTION**

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	77
<b>Revenue Capacity</b> These schedules contain to help the reader assess the City's most significant local revenue sources.	84
<b>Debt Capacity</b> 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.	89
<b>Demographic and Economic</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	93
<b>Operating Information:</b> 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.	96

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

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**CITY OF ROCK HILL, MISSOURI**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**

	For The Years Ended March 31,									
	2017		2015		2014		2013		2012	
	2018	Restated	2016	Restated	Restated	Restated	2013	Restated	Restated	2009
<b>Governmental Activities</b>										
Net investment in capital assets.....	\$ 9,863,313	\$ 7,739,703	\$ 6,040,314	\$ 5,145,780	\$ 5,143,471	\$ 4,840,917	\$ 4,208,402	\$ 2,457,784	\$ 2,054,591	\$ 1,225,261
Restricted.....	3,137,834	2,912,080	7,281,433	2,676,982	2,437,373	2,209,690	5,196,270	1,623,477	1,049,064	795,665
Unrestricted (deficit).....	(24,198,659)	(22,658,213)	(26,495,439)	(20,478,430)	(20,863,671)	(18,774,601)	(21,271,210)	(13,415,543)	(12,691,709)	(12,384,732)
Total Governmental Activities Net Position.....	<u>\$ (11,197,512)</u>	<u>\$ (12,006,430)</u>	<u>\$ (13,173,692)</u>	<u>\$ (12,655,668)</u>	<u>\$ (13,282,827)</u>	<u>\$ (11,723,994)</u>	<u>\$ (11,866,538)</u>	<u>\$ (9,334,282)</u>	<u>\$ (9,588,054)</u>	<u>\$ (10,363,806)</u>

**Source:** Basic Financial Statements

GASB 65 was implemented in 2013

GASB 67 and 68 was implemented in 2015



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

	For The Years Ended March 31,					
	2018	2017	2016	2015	2014	2012
				Restated	Restated	Restated
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>						
Taxes: <sup>b</sup>						
Property .....	1,049,007	1,231,946	658,471	643,538	656,942	1,096,846
Sales.....	2,023,605	2,013,816	1,954,075	1,833,211	1,776,909	2,200,157
TIF revenues.....	1,670,695	1,666,094	1,263,935	654,075	771,889	-
Utility gross receipts.....	761,382	741,534	720,777	777,392	810,886	849,723
Other taxes.....	86,626	92,136	97,496	96,843	88,906	22,705
Investment income.....	33,942	8,337	11,006	14,899	21,064	26,621
Other revenues.....	49,883	43,750	43,541	50,404	24,130	40,815
Gain on sale of capital assets.....	-	647	13,849	210	-	12,143
Decrease in net pension liability.....	-	-	-	216,085	-	-
Total General Revenues.....	5,675,140	5,798,260	4,763,150	4,286,657	4,150,726	4,249,332
<b>PRIOR PERIOD ADJUSTMENT.....</b>	-	-	-	501,473	-	-
<b>CHANGES IN NET POSITION.....</b>	<u>\$ 808,918</u>	<u>\$ 1,167,262</u>	<u>\$ (518,024)</u>	<u>\$ 627,159</u>	<u>\$(1,558,833)</u>	<u>\$(2,532,256)</u>
				<u>\$ 231,082</u>	<u>\$ 253,772</u>	<u>\$ 775,752</u>
						<u>\$ 90,002</u>

Source: Basic Financial Statements

**NOTES:**

<sup>a</sup>Effective FY2014 court fines and cost are being reported as a Municipal Court program revenue. Past fiscal years court fines and cost were reported as a Police program revenue.

<sup>b</sup>Effective FY2014, general revenues are reported in greater detail: 1) Property and sales taxes are now defined by purpose of the levy; 2) Franchise fees were removed from the category Utility to be reported individually; 3) TIF revenues were removed from the categories of property and sales taxes to be reported individually and 4) Cigarette taxes were removed from the category Other to be reported individually. The change in presentation was done to provide more detail information for the Board of Aldermen and other financial users.

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

	For the Years Ended March 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>FUNCTIONS/PROGRAMS</b>										
<b>Governmental Activities</b>										
Administration.....	\$ 231,618	\$ 260,082	\$ 225,059	\$ 218,092	\$ 231,516	\$ 193,375	\$ 184,877	\$ 214,615	\$ 218,618	\$ 234,162
Fire department.....	-	-	15,000	-	700	-	237,500	-	61,682	5,160
Municipal court.....	373,712	422,021	439,518	547,833	525,694	-	-	-	-	-
Parks and recreation.....	318,961	5,529	14,386	11,351	17,354	136,373	33,971	7,612	9,491	5,485
Police department.....	10,493	12,274	17,050	42,281	20,302	664,842	434,419	438,010	456,909	547,467
Public works.....	355,030	666,355	856,288	363,648	437,920	601,674	1,050,498	336,491	505,415	335,258
Total Governmental Activities....	\$ 1,289,814	\$ 1,366,261	\$ 1,567,301	\$ 1,183,205	\$ 1,233,486	\$ 1,596,264	\$ 1,941,265	\$ 996,728	\$ 1,252,115	\$ 1,127,532

**Source:** Basic Financial Statements

**CITY OF ROCK HILL, MISSOURI**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	For The Years Ended March 31,									
	2018	2017	2016	2015	2014	2013	2012 Restated	2011	2010	2009
<b>General Fund</b>										
Nonspendable.....	\$ 34,200	\$ 58,867	\$ 77,630	\$ 112,448	\$ 135,414	\$ 132,688	\$ 139,114	\$ -	\$ -	\$ -
Restricted.....	-	-	-	-	497,012	330,027	105,189	-	-	-
Assigned - Subsequent year's budget.....	-	-	-	-	28,616	-	195,647	-	-	-
Unassigned.....	1,696,908	1,777,910	1,824,109	1,775,668	1,627,117	1,684,658	1,737,329	-	-	-
Reserved.....	-	-	-	-	-	-	-	-	6,375	-
Unreserved.....	-	-	-	-	-	-	-	2,421,465	2,526,544	2,381,441
Total General Fund.....	\$ 1,731,108	\$ 1,836,777	\$ 1,901,739	\$ 1,888,116	\$ 2,288,159	\$ 2,147,373	\$ 2,177,279	\$ 2,421,465	\$ 2,532,919	\$ 2,381,441
<b>All other governmental funds</b>										
Restricted for:										
Capital projects.....	\$ 2,963,259	\$ 6,719,220	\$ 1,161,925	\$ 1,625,836	\$ 1,852,384	\$ 2,407,988	\$ 3,512,985	\$ -	\$ -	\$ -
Debt service.....	414,915	347,636	274,187	254,701	303,188	373,795	434,858	-	-	-
Law enforcement.....	-	-	2,555	-	3,868	8,034	-	-	-	-
Parks and stormwater.....	193,300	373,128	438,755	392,257	-	-	-	-	-	-
Police training.....	10,645	9,204	6,456	16,356	15,092	12,223	4,605	-	-	-
Sewer Lateral.....	30,057	29,410	11,093	32,763	11,741	4,084	22,043	-	-	-
Tax Increment Financing.....	2,513,158	2,775,228	2,677,208	972,413	1,026,833	1,081,487	1,116,590	-	-	-
Reserved.....	-	-	-	-	-	-	-	87,223	87,342	87,335
Unreserved, reported in:										
Capital Projects Funds.....	-	-	-	-	-	-	-	317,198	(41,346)	-
Special Revenue Funds.....	-	-	-	-	-	-	-	1,524,415	1,309,809	1,021,314
Total All Other Governmental Funds.....	\$ 6,125,334	\$ 10,253,826	\$ 4,572,179	\$ 3,294,326	\$ 3,213,106	\$ 3,887,611	\$ 5,091,081	\$ 1,928,836	\$ 1,355,805	\$ 1,108,649

**Source:** Basic Financial Statements

**NOTES:** GASB 54 was implemented in 2012.

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

	For The Years Ended March 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>REVENUES:</b>										
Property taxes.....	\$ 1,813,467	\$ 1,596,209	\$ 1,227,325	\$ 860,002	\$ 1,056,616	\$ 1,091,603	\$ 1,155,633	\$ 1,368,825	\$ 1,295,109	\$ 1,172,574
Gross receipts taxes.....	825,303	810,965	795,567	851,530	877,088	861,544	849,723	833,792	914,252	813,280
Sales tax.....	3,075,486	3,150,206	2,697,840	2,217,492	2,158,184	1,983,516	2,200,157	1,874,108	1,824,338	1,830,656
Licenses, permits, fines and fees.....	603,723	673,085	673,462	760,854	772,181	819,150	600,294	636,952	661,038	779,645
Intergovernmental.....	316,647	638,863	823,715	352,051	295,796	690,358	1,256,402	303,442	303,975	304,252
Investment income.....	33,943	8,337	10,453	26,240	26,285	26,345	26,621	24,105	19,033	30,843
Miscellaneous.....	440,424	122,490	135,355	127,286	222,095	109,746	126,758	129,932	336,483	195,325
Total Revenues.....	7,108,993	7,000,155	6,363,717	5,195,455	5,408,245	5,582,262	6,215,588	5,171,156	5,354,228	5,126,575
<b>EXPENDITURES:</b>										
Administration.....	994,559	867,205	752,510	735,528	676,900	785,039	807,756	900,424	696,273	827,509
Fire department.....	985,779	972,092	930,687	891,390	867,379	866,722	818,660	792,533	819,402	770,806
Housing department.....	16,515	20,422	22,995	44,851	48,673	35,205	79,631	85,522	82,790	83,911
Municipal court.....	146,007	150,564	158,064	154,698	166,321	141,896	123,489	117,830	155,965	157,459
Parks and recreation.....	220,922	210,662	207,170	206,517	117,095	122,187	115,751	119,522	111,847	110,631
Police department.....	1,013,137	982,930	957,421	920,900	938,699	970,295	910,874	852,300	849,745	882,540
Public works.....	429,934	400,192	378,221	387,787	461,299	523,286	459,138	442,792	419,425	438,321
Economic development.....	-	-	-	-	-	25,982	3,545,333	-	-	268,923
Capital outlay.....	5,150,293	2,183,684	1,719,077	1,059,894	1,410,542	2,105,651	2,126,698	297,412	832,718	1,092,450
Debt service:										
Principal.....	1,370,000	1,245,000	236,784	238,276	247,985	414,959	674,478	258,914	163,923	635,391
Interest.....	1,032,788	932,938	4,706,650	874,647	1,007,431	836,458	4,822,514	682,677	824,821	445,315
General obligation bonds issuance cost.....	79,229	110,621	-	-	-	-	-	-	-	-
Total Expenditures.....	11,439,163	8,076,310	10,069,579	5,514,488	5,942,324	6,827,680	14,484,322	4,549,926	4,956,909	5,713,256
<b>REVENUES OVER (UNDER)</b>										
<b>EXPENDITURES.....</b>	<b>(4,330,170)</b>	<b>(1,076,155)</b>	<b>(3,705,862)</b>	<b>(319,033)</b>	<b>(534,079)</b>	<b>(1,245,418)</b>	<b>(8,268,734)</b>	<b>621,230</b>	<b>397,319</b>	<b>(586,681)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in.....	580,000	275,000	175,020	1,130,276	33,455	-	-	-	141,221	205,418
Transfers out.....	(580,000)	(275,000)	(175,020)	(1,130,276)	(33,455)	-	-	-	(141,221)	(205,418)
Sale of capital assets.....	16,780	646	13,849	210	361	8,000	12,143	10,347	1,315	1,449,866
Bond issuance costs.....	-	-	(713,263)	-	-	-	(77,176)	(43,834)	-	-
Payment to refunded bond escrow agent.....	(3,202,675)	-	(18,812,199)	-	-	-	-	(170,000)	-	-
Issuance of long-term debt.....	3,079,974	6,100,000	24,508,951	-	-	-	22,757,037	1,750,000	-	298,447
Refunding of long-term debt.....	-	-	-	-	-	-	(11,600,000)	(1,752,194)	-	-
Premium of long-term debt.....	201,930	592,194	-	-	-	-	74,209	46,028	-	-
Total Other Financing Sources (Uses).....	96,009	6,692,840	4,997,338	210	361	8,000	11,166,213	(159,653)	1,315	1,748,313
<b>NET CHANGES IN FUND BALANCES.....</b>	<b>\$(4,234,161)</b>	<b>\$ 5,616,685</b>	<b>\$ 1,291,476</b>	<b>\$ (318,823)</b>	<b>\$ (533,718)</b>	<b>\$(1,237,418)</b>	<b>\$ 2,897,479</b>	<b>\$ 461,577</b>	<b>\$ 398,634</b>	<b>\$ 1,161,632</b>
Debt service as a percentage of noncapital expenditures.....	37.6%	36.5%	58.1%	24.2%	26.3%	26.0%	44.8%	25.6%	24.0%	23.0%

Source: Basic Financial Statements



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

<b>For The Years Ended March 31,</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Gross Receipts Taxes</b>	<b>Other</b>	<b>Total</b>
2018	\$ 1,813,467	\$ 3,075,486	\$ 825,303	\$ 316,647	\$ 6,030,903
2017	1,596,209	3,150,206	810,965	638,863	6,196,243
2016	1,227,325	2,697,840	795,567	823,715	5,544,447
2015	860,002	2,217,492	851,530	352,051	4,281,075
2014	1,056,616	2,158,184	877,088	295,796	4,387,684
2013	1,091,603	1,983,516	861,544	690,358	4,627,021
2012	1,155,633	2,200,157	849,723	1,256,402	5,461,915
2011	1,368,825	1,874,108	833,792	303,442	4,380,167
2010	1,295,109	1,824,338	914,252	303,975	4,337,674
2009	1,172,574	1,830,656	813,280	304,252	4,120,762

**Source:** Basic Financial Statements

**CITY OF ROCK HILL, MISSOURI**  
**ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

<b>For The Years Ended December 31,</b>	<b>Residential Real Property</b>	<b>Commercial Real Property</b>	<b>Personal Property</b>	<b>Total</b>		<b>Total Direct Tax</b>	<b>Estimated Actual Value</b>
				<b>Assessed</b>	<b>Value</b>		
2017	\$ 69,594,330	\$ 34,997,643	\$ 13,931,112	\$ 118,523,085		1.088 *	\$ 517,451,097
2016	64,089,140	30,835,632	13,571,681	108,496,453		1.089 *	474,391,728
2015	63,757,460	29,649,703	12,490,838	105,898,001		0.673 *	465,697,162
2014	61,666,940	27,653,768	12,232,848	101,553,556		0.669 *	447,683,081
2013	61,726,670	29,035,621	12,075,586	102,837,877		0.668 *	451,843,907
2012	61,525,190	26,849,342	11,587,164	99,961,696		0.681 *	442,485,952
2011	61,950,700	26,313,520	10,307,790	98,572,010		0.658 *	439,212,528
2010	61,755,690	27,140,590	11,341,980	100,238,260		0.719 *	443,873,634
2009	61,737,790	26,987,790	12,156,200	100,881,780		0.380 *	445,744,828
2008	66,653,560	27,805,080	12,470,920	106,929,560		0.380 *	475,115,587

**Source:** St. Louis County Assessor

\*Commencing in 2003, Missouri State Law required the City to calculate a separate tax rate for residential real estate, agricultural real estate, commercial real estate, and personal property. The tax rate stated above for each year 2008 through 2018 reflects a re-blended rate for the various types of taxable property.

# CITY OF ROCK HILL, MISSOURI

## PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS<sup>a</sup>

### LAST TEN CALENDAR YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>City of Rock Hill Direct Rates:</b>										
General Fund.....	0.2825	0.2938	0.2926	0.2890	0.2880	0.3010	0.2780	0.3390	0.2550	0.1840
Debt Service.....	0.8050	0.7950	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800
<b>Overlapping governments:</b>										
State of Missouri.....	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Roads and Bridges.....	0.0980	0.1030	0.1030	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050
St. Louis County.....	0.3910	0.4120	0.4120	0.4180	0.4180	0.4180	0.4180	0.4180	0.4180	0.4530
St. Louis Community College.....	0.2112	0.2176	0.2176	0.2200	0.2200	0.2200	0.2200	0.2179	0.2136	0.2013
Special School District.....	1.1912	1.2348	1.2348	1.2609	1.2400	0.1012	1.0125	0.9950	0.9384	0.9184
Metro Zoo.....	0.2694	0.2777	0.2777	0.2797	0.2797	0.2684	0.2671	0.2546	0.2493	0.2344
Sheltered Workshop.....	0.0840	0.0880	0.0880	0.0900	0.0890	0.0840	0.0840	0.0790	0.0740	0.0690
Rock Hill Library.....	0.2700	0.2820	0.2820	0.2910	0.2900	0.2850	0.2700	0.2670	0.2590	0.2390
Metro Sewer District*.....	0.1159	0.0876	0.0876	0.0879	0.0874	0.0635	0.0818	0.0790	-	-
Deer Creek Sewer*.....	-	0.0830	0.0830	0.0860	0.0860	0.0840	0.0840	0.0810	-	-
Webster Groves School District.....	5.3253	5.6722	5.6722	5.8584	5.8576	5.7588	5.7555	5.5775	4.8612	4.6149

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

<sup>a</sup> Property tax rates reported in this schedule are the residential property tax rates.

\*Effective with 2008, all Metropolitan St. Louis Sewer District (MSD) district-wide and sub-district taxes have been reduced to zero. This is due to the implementation of the new impervious area stormwater rate.

# CITY OF ROCK HILL, MISSOURI

## PRINCIPAL TAXPAYERS

### CURRENT CALENDAR YEAR AND NINE YEARS AGO

	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
Market at McKnight (Novus).....	\$ 7,394,260	1	6.24%	\$ 2,540,670	2	2.38%
Missouri American Water Co.....	2,519,550	2	2.13%			-
Stanford Court Apartments, LLC.....	2,294,130	3	1.94%	2,256,060	3	2.11%
Waltrust Properties, INC.....	1,760,000	4	1.48%	588,130	10	0.55%
EZ Storage Rock Hill LLC.....	1,722,300	5	1.45%			-
Novus Crestwood LLC.....	1,442,820	6	1.22%			-
CS3 BP Associates LLC.....	1,155,300	7	0.97%			-
Missouri CVS Pharmacy LLC.....	912,060	8	0.77%			-
Dan L Shells LLC.....	785,280	9	0.66%			-
Refrigeration Supplies Inc.....	767,950	10	0.65%			-
Keebler Crossing Inc.....			-	3,146,050	1	2.94%
Eighteen Investments.....	-		-	1,686,770	4	1.58%
McKnight Development LLC.....	-		-	1,553,830	5	1.45%
Colonial Square Associates.....	-		-	1,069,150	6	1.00%
GBC Enterprises, LLC.....	-		-	961,060	7	0.90%
Novus Holdings LLC ETAL.....	-		-	941,540	8	0.88%
Rock Hill Partnership.....	-		-	926,080	9	0.87%
	<u>\$ 20,753,650</u>		<u>17.51%</u>	<u>\$ 15,669,340</u>		<u>14.66%</u>

**Source:** St. Louis County Assessor

**CITY OF ROCK HILL, MISSOURI**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Tax Levy Year</b>	<b>Net Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent Collected As Current</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Total Collections As Percent of Levy</b>	<b>Outstanding Delinquent Taxes<sup>a</sup></b>	<b>Outstanding Delinquent Taxes As of Levy</b>
2018	2017	\$ 1,211,907	\$ 926,287	76.43%	\$ -	\$ 926,287	76.43%	\$ 259,111	21.38%
2017	2016	1,117,107	910,263	81.48%	147,871	1,058,134	94.72%	18,595	1.66%
2016	2015	674,586	559,612	82.96%	87,046	646,658	95.86%	5,954	0.88%
2015	2014	662,669	570,141	86.04%	82,189	652,330	98.44%	1,919	0.29%
2014	2013	666,551	547,842	82.19%	91,913	639,755	95.98%	2,266	0.34%
2013	2012	643,595	501,623	77.94%	67,969	569,592	88.50%	1,294	0.20%
2012	2011	606,765	519,970	85.70%	85,842	605,812	99.84%	113	0.02%
2011	2010	607,736	500,923	82.42%	100,907	601,830	99.03%	-	0.00%
2010	2009	604,250	500,832	82.88%	98,935	599,767	99.26%	-	0.00%
2009	2008	575,947	491,519	85.34%	78,435	569,954	98.96%	18	0.00%

**Source:** St. Louis County Collector's office.

<sup>a</sup> As of March 31, 2018

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

For The Years Ended March 31,	Regular Sales Tax	Capital Improvement	Stormwater		Fire Protection	County Public Safety		Transportation Development District	Community Improvement District	Total
			Parks	and		Sales Tax				
2018	\$ 1,259,259	\$ 444,728	\$ 497,198		\$ 248,600	\$ 117,901	\$ 250,903	\$ 256,897		\$ 3,075,486
2017	1,340,427	475,622	527,637		263,424	-	270,706	272,390		3,150,206
2016	1,289,111	416,066	485,309		243,049	-	205,813	58,492		2,697,840
2015	1,057,857	385,139	433,693		216,847	-	123,956	-		2,217,492
2014	1,000,445	370,397	414,038		207,020	-	166,284	-		2,158,184
2013	966,890	345,855	382,967		191,677	-	96,127	-		1,983,516
2012	951,598	358,375	395,955		198,084	-	296,145	-		2,200,157
2011	950,050	348,880	383,407		191,771	-	-	-		1,874,108
2010	986,739	304,262	355,055		178,282	-	-	-		1,824,338
2009	934,370	326,086	379,462		190,738	-	-	-		1,830,656

**Source:** Basic Financial Statements

The sales tax rate in the City is 8.425%, which includes 4.225% for the State of Missouri, 1.7% 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.

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

For The Years Ended March 31,	Governmental Activities							Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Tax		Increment Revenue Notes	Capital Leases					
		Increment Revenue Bonds	Increment Revenue							
2018	\$ 10,297,348	\$ 14,482,850	\$ 8,337,701	\$ -	\$ -	\$ 33,117,899	19.0%	\$ 7,156		
2017	10,634,605	15,373,912	8,337,701	-	-	34,346,218	23.4%	7,397		
2016	4,415,675	16,174,974	8,337,701	-	-	28,928,350	19.8%	6,231		
2015	4,643,570	-	18,812,199	16,783	16,783	23,472,552	16.0%	5,064		
2014	4,866,465	-	18,812,199	40,060	40,060	23,718,724	16.2%	5,117		
2013	5,084,360	-	18,812,199	78,044	78,044	23,974,603	16.7%	5,173		
2012	5,188,739	173,400	18,812,199	114,603	114,603	24,288,941	17.3%	5,240		
2011	1,787,405	310,100	11,600,000	27,543	27,543	13,725,048	11.6%	2,961		
2010	2,075,000	373,200	11,600,000	63,357	63,357	14,111,557	11.9%	3,082		
2009	2,205,000	373,200	11,600,000	97,280	97,280	14,275,480	12.0%	3,097		

**Source:** Basic Financial Statements

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

<sup>a</sup> See Demographics and Economic Statistics Table.

**CITY OF ROCK HILL, MISSOURI**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

<b>For The Years Ended March 31,</b>	<b>General Obligation Bonds, Net<sup>a</sup></b>	<b>Percentage of Estimated Actual Value of Property<sup>b</sup></b>	<b>Per Capita<sup>c</sup></b>
2018	\$ 9,882,433	1.9%	\$ 2,135
2017	10,289,999	2.2%	2,216
2016	4,140,561	0.9%	892
2015	4,388,591	1.0%	947
2014	5,563,277	1.2%	1,200
2013	4,710,565	1.1%	1,016
2012	4,753,881	1.1%	1,026
2011	1,700,182	0.4%	367
2010	1,987,658	0.5%	434
2009	2,205,000	0.5%	478

**Source:** Basic Financial Statements

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

<sup>a</sup> General obligation bonds are presented net of restricted net position for debt services for fiscal years 2010 - 2018.

<sup>b</sup> See Assessed and Estimated Actual Value of Taxable Property Table.

<sup>c</sup> See Demographics and Economic Statistics Table.



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

	March 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit.....	\$ 11,852,309	\$ 10,849,645	\$ 10,589,800	\$ 10,155,356	\$ 10,283,788	\$ 9,996,170	\$ 9,857,201	\$ 10,023,826	\$ 10,088,178	10,692,956
Net debt applicable to debt limit.....	9,529,974	10,000,000	4,335,000	4,555,000	4,770,000	4,980,000	5,185,000	1,725,000	2,075,000	2,205,000
Legal Debt Margin.....	\$ 2,322,335	\$ 849,645	\$ 6,254,800	\$ 5,600,356	\$ 5,513,788	\$ 5,016,170	\$ 4,672,201	\$ 8,298,826	\$ 8,013,178	\$ 8,487,956
Legal debt margin as a percentage of the debt limit.....	80.41%	92.17%	40.94%	44.85%	46.38%	49.82%	52.60%	17.21%	20.57%	20.62%

**Source:** Basic Financial Statements

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**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF MARCH 31, 2018**

<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.....	\$ 92,215,000	0.5%	\$ 461,075
Webster Groves School District.....	49,619,000	17.0%	8,435,230
Subtotal, Overlapping Debt.....	141,834,000		8,896,305
City of Rock Hill			
General obligation bonds.....	\$ 10,297,348	100.0%	\$ 10,297,348
Tax increment financing bonds and notes....	22,820,551	100.0%	22,820,551
Subtotal, Direct Debt.....	33,117,899		33,117,899
Total Direct And Overlapping Debt.....	<u>\$ 174,951,899</u>		<u>\$ 42,014,204</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**  
**PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

**Tax Increment Financing Revenue Bonds and Notes**

For The Years Ended March 31,	Property Tax	Sales Tax	Investment Income	Less		Net Available Revenues	Debt Service		
				Operating Expenditures			Principal	Interest	Coverage <sup>a</sup>
2018	\$ 599,349	\$1,041,952	\$ 6,016	\$ -		\$ 1,647,317	\$ 900,000	\$ 690,444	103.58%
2017	493,010	1,121,079	217	-		1,614,306	810,000	647,144	110.79%
2016 <sup>b</sup>	450,079	735,851	1,024	2,118		1,184,836	-	4,538,463	26.11%
2015	265,475	379,909	13	7,105		638,292	-	701,115	91.04%
2014	376,433	381,156	8	4,027		753,570	-	825,648	91.27%
2013	427,518	317,089	29	7,144		737,492	173,400	653,310	89.21%
2012	535,204	538,782	33	9,948		1,064,071	437,096	709,687	92.79%
2011	544,651	315,675	26	37,487		822,865	63,100	616,286	121.12%
2010	682,873	180,381	31	3,602		859,683	-	718,685	119.62%
2009	108,217	39,488	1,362	2,926		146,141	-	126,441	115.58%

**Source:** Basic Financial Statements

<sup>a</sup> Coverage made with funds from previous years used for principal and interest payments.

<sup>b</sup> The City refunded TIF notes Series A & B during FY2016. Part of the proceeds from the refunding paid interest of \$3,875,502 which is included in this schedule.

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

For The Years Ended March 31,	Population <sup>a</sup>	Median Household Income <sup>b</sup>	Personal Income <sup>a</sup>	Per Capita Income <sup>a</sup>	Webster Groves School District Enrollment	Unemployment Rate <sup>b</sup>
2018	4,628	\$ 64,306	\$ 174,428,996	\$ 40,869	4,708	3.9
2017	4,638	58,510	158,202,800	32,956	4,441	5.9
2016	4,643	53,842	146,498,445	31,805	4,419	4.3
2015	4,635	52,652	146,498,445	31,607	4,706	5.6
2014	4,635	53,144	146,498,445	31,607	4,578	7.7
2013	4,635	56,827	143,615,475	30,985	4,327	7.3
2012	4,635	58,232	140,694,400	30,263	4,508	7.4
2011	4,635	47,869	117,886,104	25,803	4,248	9.4
2010	4,579	47,869	118,151,937	25,803	4,175	9.6
2009	4,609	47,869	118,926,027	25,803	4,192	8.6

<sup>a</sup> Source: City-Data Com

<sup>b</sup> Source: U.S. Bureau of Census

**CITY OF ROCK HILL, MISSOURI**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

<b>Employer</b>	<b>2018</b>		<b>2009</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Woodward Cleaning & Restoration, Inc.....	200	1	125	1
ARCO/Murray Corporate Services, Inc.....	112	2		
Webster Groves School District.....	104	3		
Hacienda Mexican Restaurant.....	98	4	98	2
Lucky's Market.....	80	5		
W. Schiller & Co., Inc.....	75	6	75	3
RSI Kitchen and Bath.....	61	7	61	4
Millman Lumber Co.....	59	8	59	5
Stein Mart.....	50	9	50	6
Bandana's BBQ.....	41	10		
Visiting Nurse Association.....			43	7
Walgreens.....			33	8
City of Rock Hill.....			32	9
Froesel Tire Service Company.....			24	
	<u>880</u>		<u>600</u>	

**Source:** The above named companies

**Note:**

Percentage of total city employment column has been omitted for both 2018 and 2009 because accurate information is unavailable

**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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government:										
Administration.....	2	3	2	2	2	2	3	3	3	3
Fire department.....	10	10	10	10	9.5	9	10	10	10	10
Housing department.....	1	1	1	1	1	1	1	1	1	1
Municipal court.....	2	2	2	2	2	2	1	1	1	2
Parks and recreation.....	1	1	1	1	1	1	1	1	1	1
Police department.....	12	11	13	11.8	11.5	12	10	10	10	10
Public works.....	6	6	6	6	6	6	5	5	5	5

**Source:** City payroll records

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

FUNCTIONS/PROGRAMS	As Of March 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police department:										
Average number of calls per month.....	461	430	457	443	450	436	400	497	477	443
Average number of arrests per month.....	21	20	22	27	25	27	40	23	20	25
Number of crime incidences reported.....	5532	1098	1055	1043	517	468	540	532	420	540
Fire department:										
Average number of fire calls per month.....	86	87	75	87	80	76	75	84	76	74
Housing/building inspections:										
Number of permits:										
Building (decks, porches, roofs, garages)	27	21	25	10	13	17	19	25	22	25
Driveways.....	9	12	4	3	7	4	15	6	12	8
Fences.....	29	21	34	29	26	9	24	20	17	18
Residential.....	388	242	169	203	197	98	148	151	172	142
Commercial.....	109	80	14	86	88	45	78	59	83	63
Cost of construction <sup>a</sup> :										
Building (decks, porches, roofs, garages)	\$ 133,900	\$ 123,400	\$ 121,300	\$ 70,344	\$ 54,000	\$ 150,984	\$ 85,350	\$ 155,915	\$ 183,521	\$ 82,605
Driveways.....	\$ 5,723	\$ 74,600	\$ 27,000	\$ 45,500	\$ 40,500	\$ 17,713	\$ 73,600	\$ 25,778	\$ 41,965	\$ 24,000
Fences.....	\$ 103,282	\$ 55,000	\$ 134,800	\$ 90,833	\$ 51,000	\$ 9,400	\$ 44,200	\$ 49,486	\$ 28,538	\$ 27,000
Residential.....	\$ 3,906,873	\$ 3,400,686	\$ 3,716,570	\$ 2,030,342	\$ 1,065,111	\$ 3,482,112	\$ 1,019,311	\$ 389,811	\$ 1,464,143	\$ 878,368
Commercial.....	\$ 7,220,071	\$ 1,821,030	\$ 4,439,652	\$ 5,280,222	\$ 4,987,191	\$ 1,160,862	\$ 7,350,637	\$ 651,143	\$ 1,799,744	\$ 1,672,746
Finance and administration:										
Business licenses issued (August 1).....	64	63	71	71	67	67	68	65	64	55
Merchant licenses issued (August 1).....	94	91	93	94	94	100	104	101	118	105
Liquor licenses issued (July 1).....	21	20	16	17	19	15	17	16	15	15

**Source:** City records - various departments listed

<sup>a</sup> 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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Parks and recreation:										
Number of parks.....	6	7	7	7	7	7	7	7	7	7
Acres of parks.....	10.5	12	12	12	12	12	12	12	12	12
Number of tennis courts.....	4	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)....	3	3	3	3	3	3	3	3	3	4
Police department:										
Vehicles.....	6	6	6	6	6	6	6	7	8	8
Public works:										
Vehicles.....	6	6	6	6	5	5	5	5	6	6
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.....	87	87	87	87	87	87	87	87	87	87
Number of street lights.....	327	327	327	327	327	327	327	327	325	335
Housing/building inspector:										
Vehicles.....	-	-	-	-	-	1	1	1	1	2
Other City owned property:										
Public works facility.....	1	1	1	1	1	1	1	1	1	1
City hall facilities (buildings).....	-	-	-	-	-	-	-	-	-	-
Park/pre-school building.....	-	-	-	-	-	1	1	1	1	1
Other property (parcels).....	3	3	3	3	3	3	3	3	3	3

**Source:** City records - various departments listed