

CITY OF ROCK HILL, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
MARCH 31, 2010**

CITY OF ROCK HILL, MISSOURI

**Comprehensive Annual Financial Report
For The Fiscal Year Ended March 31, 2010**

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

CITY OF ROCK HILL, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT

	Page
INTRODUCTORY SECTION	
Principal City Officials	ii
Organization Chart	iii
Certificate of Achievement	iv
Letter of Transmittal	v
 FINANCIAL SECTION	
Independent Auditors' Report	2
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Assets - Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets - Pension Trust Fund	19
Notes to Financial Statements	20
Required Supplemental Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	41
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - NW/SW Redevelopment Fund	47
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	48
Other Supplemental Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Street Bond Fund	53
Tax Increment Revenue Fund	54
Sewer Lateral Fund	55
Police Training Fund	56
Fiduciary Fund Types:	
Statement of Changes in Assets and Liabilities - Agency Funds	57

CITY OF ROCK HILL, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT

	Page
STATISTICAL SECTION	
Statistical Section Overview	59
Net Assets by Component - Last Six Fiscal Years	60
Changes in Net Assets - Last Six Fiscal Years	61
Fund Balances of Governmental Funds - Last Six Fiscal Years	63
Changes in Fund Balances, Governmental Funds - Last Six Fiscal Years	64
Program Revenues by Functions/Programs - Last Six Fiscal Years	65
Tax Revenues by Source, Governmental Funds - Last Six Fiscal Years	66
Sales Tax Revenues, Governmental Funds - Last Six Fiscal Years	67
Property Tax Rates - Direct and All Overlapping Governments - Last Ten Calendar Years	68
Assessed and Estimated Actual Value of Taxable Property - Last Ten Calendar Years	69
Principal Taxpayers - Current Calendar Year and Eight Years Ago	70
Property Tax Levies and Collections - Last Ten Fiscal Years	71
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	72
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	73
Pledged Revenue Coverage - Last Eight Fiscal Years	74
Direct and Overlapping Governmental Activities Debt	75
Legal Debt Margin Information - Last Ten Fiscal Years	76
Demographic and Economic Statistics - Last Ten Fiscal Years	77
Principal Employers - Current Year and Ten Years Ago	78
Full-time Equivalent City Government Employees by Functions/Programs - Last Ten Fiscal Years	79
Operating Indicators by Functions/Programs - Last Ten Fiscal Years	80
Capital Assets Statistics by Functions/Programs - Last Ten Fiscal Years	81

INTRODUCTORY SECTION

CITY OF ROCK HILL, MISSOURI

PRINCIPAL CITY OFFICIALS

Elected Officials (As of Report Date)

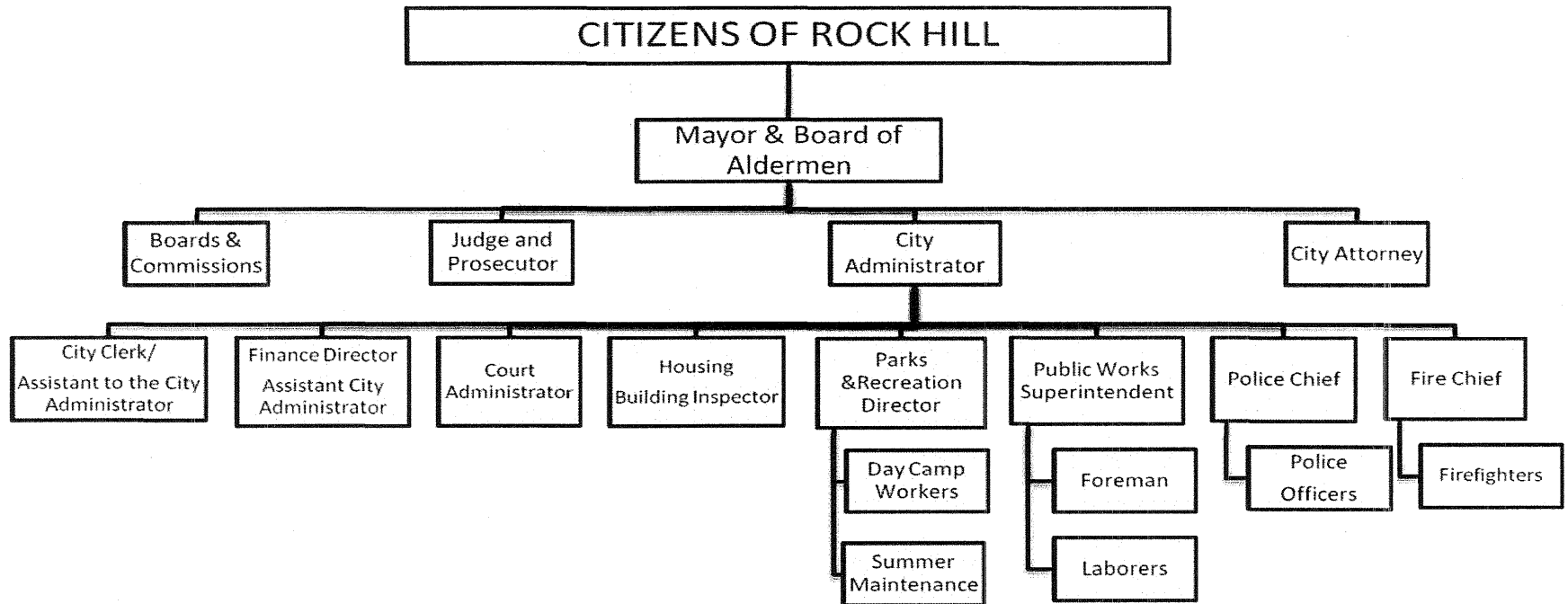
<u>Position</u>	<u>Name</u>	<u>Term</u>
Mayor	Daniel DiPlacido	4/10 - 4/14
Alderman Ward 1	Philip Scherry	4/10 - 4/12
Alderman Ward 1	Edward Johnson	4/09 - 4/11
Alderman Ward 2	Edward Mahan	4/10 - 4/12
Alderwoman Ward 2	Chris Graber	6/10 - 4/11
Alderman Ward 3	Robert Weider	4/10 - 4/12
Alderwoman Ward 3	Mary Wofford	4/09 - 4/11

Appointed Officials and Department Heads

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

CITY OF ROCK HILL, MISSOURI

ORGANIZATION CHART



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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



CITY OF ROCK HILL

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

August 31, 2010

The Honorable Mayor Daniel DiPlacido,
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, 2010, 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 Hochschild, Bloom & Company LLP, a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the year ended March 31, 2010, are free of material misstatement. Based on their audit, they concluded that there was a reasonable basis for rendering an unqualified opinion of the financial statements for the year ended March 31, 2010. 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.

Mayor
ext 311

City Administrator
ext 310

Director of Finance
ext 364

City Clerk
ext 413

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report.

Profile of the City

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

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 31 full-time and 10 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 finance director develops estimates of revenues for the upcoming fiscal year which are also incorporated into the proposed budget. The City Administrator, along with department heads, presents the proposed budget to the Mayor and Board of Aldermen who hold work sessions in addition to board meetings and adopt a budget by April 1. The budget is prepared by fund, department (e.g., police), and line item (e.g., office supplies). The City Administrator has authority to transfer funds between line items within individual departments. Transfers of funds between departments require the approval of the Board of Aldermen. Budget-to-actual comparisons are provided in this report for each individual fund for which an annual budget was adopted. For the General Fund, this comparison is presented as part of the financial statements for the governmental funds.

Factors Affecting Financial Condition

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

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

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

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

Long-term Financial Planning and Major Initiatives. The City has improved the General Fund balance to a balance of \$2,491,573. The current 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 and utility taxes at 40% and 22% 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. 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, Market at McKnight, has 127,300 square feet of retail space and was substantially completed in 2008. Phase one is 72% leased with the newest tenant, Tuesday Morning, opening in February 2010. Phase two has been delayed due to the economic downturn in late 2008. These projects will lead to increased sales tax revenue for the City so that it can maintain the current level of municipal services.

One of the City's major initiatives continues to be completing the street repair work begun in 2003 with the approval of a special property tax levy. Leonard and Charlane Court were completed in the last year. Work was begun on Madison Avenue off Rock Hill Road and continued into this year.

Financial Policies. There were no significant changes to financial policies this year. A substantial review and updating of policies is planned for the next year.

Debt Management. At year-end the City had five debt issues outstanding. The current issues include: General Obligation (GO) Bonds Series 2002 totaling \$2,075,000 for street repairs, TIF bonds totaling \$373,200 for McKnight Crossing, TIF notes totaling \$11,600,000 for Market at McKnight, \$63,357 in two capital leases for vehicles, and \$133,240 in compensated absences. The GO bonds are paid with property tax revenues from a specially levied tax for this purpose contained in the Street Bond Special Revenue Fund. The TIF bonds are repaid with revenues generated by the site including economic activity taxes (EATS) and payments in lieu of taxes (PILOTS) which are contained in the McKnight Crossing Fund. TIF notes are held until the project is taken to the bond market for financing and then repaid through project EATS and PILOTS which are contained in the NW/SW Redevelopment Fund. Capital leases and compensated absences are paid with general revenue funds.

Pension. The City has two pension plans. The first is the Uniformed Employees of the City (UE). UE is a single-employer, defined benefit pension plan covering all uniformed, full-time employees of the Police and Fire Departments of the City hired before October 28, 2003. This plan is currently under funded. The City made a \$142,000 contribution in February 2010. Another contribution of \$280,000 is included in next year's budget. Further discussion of this plan is in Note D of the financial statements.

The second pension is the Missouri Local Government Employees Retirement System (LAGERS), a multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. The City covers all full-time employees with this plan. Police and Firefighters were transitioned to the LAGERS plan in 2007. The City contributes the full cost of participation for qualifying employees which was \$117,424 for the fiscal year covered in this report. Further discussion of this plan is in Note D of the financial statements.

Award

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, 2009. This was the first 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 Director of Finance. We would like to express our appreciation to all members of the various City departments who assisted in the preparation of this report. We would also like to thank our auditors, Hochschild, Bloom & Company LLP, for their help in preparing this report. Credit also must be given to the Mayor and the Board of Aldermen for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



George Liyeos
City Administrator



Ann Robertson
Director of Finance/Assistant City Administrator

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

August 31, 2010

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF ROCK HILL, MISSOURI** (the City) as of and for the year ended March 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of March 31, 2010, and the respective changes in financial position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

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

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2010

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, 2010. We encourage readers to consider the information presented here along with the City's financial statements, including footnotes that follow this Management's Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis the liabilities of the City exceeded its assets for the most recent fiscal year by (\$9,588,054). The City has a deficit unrestricted net assets totaling (\$12,691,709) due to \$11,973,200 in TIF bonds and notes outstanding at year-end for infrastructure assets not owned by the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,888,724.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,485,198.
- In the City's analysis of GASB 45, *Other Post-Employment Benefits*, it was determined the City's liability is zero.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2010

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administration, police services, fire services, public works, parks and recreation, housing, judicial, and economic development. The City does not operate any business-type activities.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds. The City has no proprietary (enterprise or internal service) funds.

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

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

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

The City adopts an annual appropriated budget for the General Fund, NW/SW Redevelopment Fund, Street Bond Fund, Tax Increment Revenue Fund, Sewer Lateral Fund, and Police Training Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

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

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2010

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 39 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 41 through 48 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 51 through 57 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

The City's combined net assets (deficiency) increased to (\$9,588,054) from a deficit of (\$10,363,806) or 7.5% in the most recent fiscal year.

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

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2010

	March 31		2010 Change	
	2010	2009	Amount	Percent
ASSETS				
Current and other assets	\$ 4,346,625	3,955,779	390,846	9.9 %
Capital assets, net	4,192,948	3,527,541	665,407	18.9
Total Assets	8,539,573	7,483,320	1,056,253	14.1
LIABILITIES				
Long-term liabilities	14,501,615	14,671,321	(169,706)	(1.2)
Current liabilities	3,626,012	3,175,805	450,207	14.2
Total Liabilities	18,127,627	17,847,126	280,501	1.6
NET ASSETS (DEFICIENCY)				
Invested in capital assets, net of related debt	2,054,591	1,225,261	829,330	67.7
Restricted	1,049,064	795,665	253,399	31.8
Unrestricted (deficit)	(12,691,709)	(12,384,732)	(306,977)	(2.5)
Total Net Assets (Deficiency)	\$ (9,588,054)	(10,363,806)	775,752	7.5 %

The largest portion of the City's net assets, \$2,054,591 in 2010, 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 assets, \$1,049,064 in 2010, represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, regulations or other governments, or restrictions imposed by law through constitutional provisions or legislation.

The remaining category of the City's net assets represents a deficit unrestricted net assets balance of (\$12,691,709) in 2010. This deficit is primarily the result of the balance of \$11,973,200 in TIF notes and bonds outstanding at year-end for infrastructure assets not owned by the City. The TIF notes and bonds are limited obligations of the City and are funded only by incremental revenues generated within the TIF district.

Governmental activities. Governmental activities increased the City's net assets by \$775,752. Key elements of this are as follows:

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2010

	For The Years Ended March 31		2010 Change	
	2010	2009	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 730,932	837,267	(106,335)	(12.7) %
Operating grants and contributions	282,792	285,105	(2,313)	(0.8)
Capital grants and contributions	238,391	5,160	233,231	4,520.0
	<u>1,252,115</u>	<u>1,127,532</u>	<u>124,583</u>	<u>11.0</u>
General revenues:				
Taxes	4,023,830	3,884,799	139,031	3.6
Investment income	19,033	30,843	(11,810)	(38.3)
Miscellaneous	32,511	127,637	(95,126)	(74.5)
Total Revenues	<u>5,327,489</u>	<u>5,170,811</u>	<u>156,678</u>	<u>3.0</u>
EXPENSES				
Administration	707,580	897,594	(190,014)	(21.2)
Police department	857,755	918,182	(60,427)	(6.6)
Fire department	833,474	783,028	50,446	6.4
Public works	543,215	587,699	(44,484)	(7.6)
Parks and recreation	118,781	150,181	(31,400)	(20.9)
Housing department	84,045	83,589	456	0.5
Municipal court	152,125	150,167	1,958	1.3
Economic development	-	268,923	(268,923)	(100.0)
Interest on long-term debt	1,254,762	1,241,446	13,316	1.1
Total Expenses	<u>4,551,737</u>	<u>5,080,809</u>	<u>(529,072)</u>	<u>(10.4)</u>
CHANGE IN NET ASSETS	775,752	90,002	685,750	761.9
NET ASSETS (DEFICIENCY), APRIL 1	<u>(10,363,806)</u>	<u>(10,453,808)</u>	<u>90,002</u>	<u>0.9</u>
NET ASSETS (DEFICIENCY), MARCH 31	<u>\$ (9,588,054)</u>	<u>(10,363,806)</u>	<u>775,752</u>	<u>7.5 %</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2010

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

At March 31, 2010, the City's combined fund balance was \$3,888,724, an increase of \$398,634 from 2009. Over 97% of the total amount (\$3,795,007) constitutes unreserved fund balance which is available for spending at the City's discretion.

During the year ended March 31, 2010, the fund balance in the City's General Fund increased by \$110,132 or 4.6% from the prior year fund balance. The change of the current year's fund balance is mainly due to the decrease of expenditures.

The NW/SW Redevelopment Fund increased by \$144,917 due to increased property tax and sales tax collections from the new development.

Fiduciary funds. The City maintains an Agency Fund for monies received and held for the benefit of others from collection and release of monies for asset forfeiture. At March 31, 2010, cash in the Agency Fund equaled \$7,683 due to normal activity.

The City also maintains a fiduciary fund for the assets of the uniformed personnel through the Police and Firemen's Pension Trust Fund. As of the end of the current fiscal year ending March 31, 2010, the net assets of the Pension Trust Fund totaled \$1,409,839.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City has invested, net of accumulated depreciation, \$4,192,948 at March 31, 2010 in a broad range of capital assets, including park facilities, roads, buildings, equipment, automobiles, trucks, and infrastructure. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$665,407. The City purchased capital assets totaling \$834,020 during the fiscal year ended March 31, 2010. The City's capital assets, net of accumulated depreciation, consisted of:

	March 31		2010 Change	
	2010	2009	Amount	Percent
Land	\$ 121,859	121,859	-	- %
Construction in progress	534,747	738,821	(204,074)	(27.6)
Buildings and improvements	534,314	552,205	(17,891)	(3.2)
Vehicles	65,307	106,083	(40,776)	(38.4)
Equipment	47,282	37,073	10,209	27.5
Infrastructure	2,889,439	1,971,500	917,939	46.6
Total	<u>\$ 4,192,948</u>	<u>3,527,541</u>	<u>665,407</u>	18.9 %

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2010

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

Long-term debt. At March 31, 2010, the City had total long-term debt obligations for governmental activities in the amount of \$14,244,797 compared to \$14,414,503 at March 31, 2009. The following is a summary of long-term debt:

	March 31		2010 Change	
	2010	2009	Amount	Percent
General obligation bonds	\$ 2,075,000	2,205,000	(130,000)	(5.9) %
Tax increment revenue bonds	373,200	373,200	-	-
Tax increment revenue notes	11,600,000	11,600,000	-	-
Capital leases	63,357	97,280	(33,923)	(34.9)
Compensated absences	133,240	139,023	(5,783)	(4.2)
Total	<u>\$ 14,244,797</u>	<u>14,414,503</u>	<u>(169,706)</u>	<u>(1.2) %</u>

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The City adjusted various expense accounts in the General Fund. The net effect of the amendment is as follows:

- The public works department increased budgeted expenditures by \$225,844 due to a planned increase in street repairs that will not happen until next year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year ended March 31, 2011, the City budgeted for various small revenue increases. The increases were due to the general upturn of the economy.

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

In the NW/SW Redevelopment TIF Project, the south side has been completed and as the retail space fills up, the City is expecting more sales tax revenue. Construction on the north side is on hold pending project revisions due to the change in economic conditions over the last few years.

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2010

REQUESTS FOR INFORMATION

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

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

CITY OF ROCK HILL, MISSOURI**STATEMENT OF NET ASSETS****MARCH 31, 2010**

	Governmental Activities
<hr/>	
ASSETS	
Cash and investments	\$ 3,140,637
Receivables (net):	
Property tax	612,763
Municipal taxes	364,668
Intergovernmental	121,216
Other	13,716
Prepaid items	6,375
Investments - restricted	87,250
Capital assets:	
Land and construction in progress	656,606
Other capital assets, net of accumulated depreciation	3,536,342
Total Assets	<u>8,539,573</u>
 LIABILITIES	
Accounts payable	235,833
Accrued payroll	35,984
Accrued interest	3,297,655
Due to others	12,457
Plan deposits	27,363
Unearned revenue	16,720
Noncurrent liabilities:	
Due within one year	250,758
Due in more than one year	13,994,039
Due in more than one year - net pension obligation	256,818
Total Liabilities	<u>18,127,627</u>
 NET ASSETS (DEFICIENCY)	
Invested in capital assets, net of related debt	2,054,591
Restricted for:	
Debt service	87,342
Sewer lateral	28,823
Tax increment financing	932,899
Unrestricted (deficit)	<u>(12,691,709)</u>
Total Net Assets (Deficiency)	<u><u>\$ (9,588,054)</u></u>

CITY OF ROCK HILL, MISSOURI

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) And Change In Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
Administration	\$ 707,580	218,618	-	-	(488,962)
Police department	857,755	446,940	1,522	8,447	(400,846)
Fire department	833,474	-	-	61,682	(771,792)
Public works	543,215	55,883	281,270	168,262	(37,800)
Parks and recreation	118,781	9,491	-	-	(109,290)
Housing department	84,045	-	-	-	(84,045)
Municipal court	152,125	-	-	-	(152,125)
Interest on long-term debt	1,254,762	-	-	-	(1,254,762)
Total Governmental Activities	<u>\$ 4,551,737</u>	<u>730,932</u>	<u>282,792</u>	<u>238,391</u>	<u>(3,299,622)</u>
General Revenues					
Taxes:					
Property					1,262,535
Sales					1,824,338
Utility					914,252
Other					22,705
Investment income					19,033
Miscellaneous					32,511
Total General Revenues					<u>4,075,374</u>
CHANGE IN NET ASSETS					775,752
NET ASSETS (DEFICIENCY), APRIL 1					<u>(10,363,806)</u>
NET ASSETS (DEFICIENCY), MARCH 31					<u>\$ (9,588,054)</u>

See notes to financial statements

CITY OF ROCK HILL, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2010

	General Fund	NW/SW Redevelopment Fund	Other Governmental Funds	Total Govern- mental Funds
ASSETS				
Cash and investments	\$ 2,306,741	368,462	465,434	3,140,637
Receivables (net):				
Property taxes	49,873	491,108	71,782	612,763
Municipal taxes	348,016	16,652	-	364,668
Intergovernmental	121,216	-	-	121,216
Other receivables	11,942	-	1,774	13,716
Prepaid items	6,375	-	-	6,375
Due from other funds	13,235	-	10,184	23,419
Investments - restricted	-	-	87,250	87,250
	<u>-</u>	<u>-</u>	<u>87,250</u>	<u>87,250</u>
Total Assets	<u>\$ 2,857,398</u>	<u>876,222</u>	<u>636,424</u>	<u>4,370,044</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 235,833	-	-	235,833
Accrued payroll	35,984	-	-	35,984
Deferred revenues	54,188	56,898	35,178	146,264
Due to others	12,457	-	-	12,457
Due to other funds	-	-	23,419	23,419
Plan deposits	27,363	-	-	27,363
Total Liabilities	<u>365,825</u>	<u>56,898</u>	<u>58,597</u>	<u>481,320</u>
Fund Balances				
Reserved for:				
Prepaid items	6,375	-	-	6,375
Debt service	-	-	87,342	87,342
Unreserved, reported in:				
General Fund	2,485,198	-	-	2,485,198
Special Revenue Funds	-	819,324	490,485	1,309,809
Total Fund Balances	<u>2,491,573</u>	<u>819,324</u>	<u>577,827</u>	<u>3,888,724</u>
Total Liabilities And Fund Balances	<u>\$ 2,857,398</u>	<u>876,222</u>	<u>636,424</u>	<u>4,370,044</u>

CITY OF ROCK HILL, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
MARCH 31, 2010

Total Fund Balances - Governmental Funds	\$ 3,888,724
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$5,616,905 and the accumulated depreciation is \$1,423,957.	4,192,948
Net pension obligations are not financial resources and, therefore, are not reported in the governmental funds.	(256,818)
Some revenues are not available soon enough to pay for current expenditures and are not reported as revenues in the governmental funds.	129,544
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued compensated absences	(133,240)
Accrued interest payable	(3,297,655)
Lease payable	(63,357)
Bonds payable	(2,448,200)
Tax increment financing notes	<u>(11,600,000)</u>
Total Net Deficiency Of Governmental Activities	<u><u>\$ (9,588,054)</u></u>

CITY OF ROCK HILL, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2010

	General Fund	NW/SW Redevelopment Fund	Other Govern- mental Funds	Total Govern- mental Funds
REVENUES				
Property taxes	\$ 256,349	570,470	468,290	1,295,109
Gross receipts taxes	914,252	-	-	914,252
Licenses and permits	218,618	-	-	218,618
Intergovernmental	303,975	-	-	303,975
Sales tax	1,643,957	152,896	27,485	1,824,338
Fines and court costs	442,420	-	-	442,420
Investment income	19,005	8	20	19,033
Miscellaneous	276,344	23	60,116	336,483
Total Revenues	<u>4,074,920</u>	<u>723,397</u>	<u>555,911</u>	<u>5,354,228</u>
EXPENDITURES				
Current:				
Administration	692,671	989	2,613	696,273
Police department	847,129	-	2,616	849,745
Fire department	819,402	-	-	819,402
Public works	419,425	-	-	419,425
Parks and recreation	111,847	-	-	111,847
Housing department	82,790	-	-	82,790
Municipal court	155,965	-	-	155,965
Capital outlay	798,315	-	34,403	832,718
Debt service:				
Principal	33,923	-	130,000	163,923
Interest	4,636	577,464	242,721	824,821
Total Expenditures	<u>3,966,103</u>	<u>578,453</u>	<u>412,353</u>	<u>4,956,909</u>
REVENUES OVER EXPENDITURES	<u>108,817</u>	<u>144,944</u>	<u>143,558</u>	<u>397,319</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,315	-	-	1,315
Transfers in	-	-	141,221	141,221
Transfers out	-	(27)	(141,194)	(141,221)
Total Other Financing Sources (Uses)	<u>1,315</u>	<u>(27)</u>	<u>27</u>	<u>1,315</u>
NET CHANGE IN FUND BALANCES	110,132	144,917	143,585	398,634
FUND BALANCES, APRIL 1	<u>2,381,441</u>	<u>674,407</u>	<u>434,242</u>	<u>3,490,090</u>
FUND BALANCES, MARCH 31	<u><u>\$ 2,491,573</u></u>	<u><u>819,324</u></u>	<u><u>577,827</u></u>	<u><u>3,888,724</u></u>

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, 2010

Net Change In Fund Balances - Governmental Funds \$ 398,634

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

Capital outlays are reported in the governmental funds as expenditures, however, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold totaling \$834,020 exceeded depreciation (\$168,613) in the current period. 665,407

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. This is the net effect of these differences in the treatment of long-term debt.

Repayments:

Bonds payable	130,000
Capital lease	33,923

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

Decrease in deferred revenues	(28,054)
-------------------------------	----------

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

Decrease in accrued compensated absences	5,783
Increase in accrued interest	<u>(429,941)</u>

Change In Net Assets Of Governmental Activities	<u><u>\$ 775,752</u></u>
---	--------------------------

CITY OF ROCK HILL, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
MARCH 31, 2010

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash	\$ -	7,683
Investments, at fair value:		
Money market funds	12,839	-
Mutual funds	840,745	-
Government securities	552,997	-
Accrued interest and dividends	3,258	-
Total Assets	<u>1,409,839</u>	<u>7,683</u>
LIABILITIES		
Deposits held for others	<u>-</u>	<u>7,683</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 1,409,839</u></u>	<u><u>-</u></u>

CITY OF ROCK HILL, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUND
FOR THE YEAR ENDED MARCH 31, 2010

	<u>Pension Trust Fund</u>
ADDITIONS	
Investment income:	
Interest and dividends	\$ 18,503
Net appreciation in fair value of investments	236,822
Total Investment Income	<u>255,325</u>
Employer contributions	142,000
Total Additions - Net	<u>397,325</u>
DEDUCTIONS	
Benefits paid	180,706
Fees paid	515
Total Deductions	<u>181,221</u>
NET INCREASE	216,104
NET ASSETS HELD IN TRUST FOR PENSION	
BENEFITS, APRIL 1	<u>1,193,735</u>
NET ASSETS HELD IN TRUST FOR PENSION	
BENEFITS, MARCH 31	<u><u>\$ 1,409,839</u></u>

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

2. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Ma-

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are Pension Trust Fund financial statements. The Agency Fund's financial statements are reported using the accrual basis of accounting with no economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

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

Additionally, the City reports the following fund types:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

4. Cash and Investments

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

5. Capital Assets

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets (Continued)

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

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

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

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

6. Compensated Absences

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

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

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

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

7. Long-term Liabilities

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Long-term Liabilities (Continued)

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

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

9. Property Taxes

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

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

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

10. Allowance

Receivables are shown net of an allowance for uncollectibles of \$12,363.

11. Restricted Assets

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Due To/From Other Funds

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

13. Interfund Transactions

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

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

14. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are recorded in the government-wide financial statements and in the fund financial statements if they expire within 30 days.

15. Use of Estimates

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

NOTE B - CASH AND INVESTMENTS

1. Deposits

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

As of March 31, 2010, the City’s bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City’s name.

CITY OF ROCK HILL, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments

As of March 31, 2010, the City had the following investments:

Investments	Fair Market Value	Maturities			Credit Risk
		No Maturity	Less Than One Year	1 - 5 Years	
Primary Government					
Money market funds	\$ 385,277	385,277	-	-	Not rated
Certificates of deposit	1,145,731	-	1,145,731	-	N/A
Total Primary Govern- ment Investments	1,531,008	385,277	1,145,731	-	
Fiduciary Funds					
Government securities:					
Federal Home Loan Mortgage Corporation	40,250	-	-	40,250	AAA
Federal National Mortgage Association	186,719	-	-	186,719	AAA
U.S. Treasury notes	326,028	-	-	326,028	AAA
Money market funds	12,839	12,839	-	-	Not rated
Mutual funds	840,745	840,745	-	-	N/A
Total Fiduciary Funds Investments	1,406,581	853,584	-	552,997	
Grand Total Invest- ments	\$ 2,937,589	1,238,861	1,145,731	552,997	

Investments 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 pre-qualifying the financial institutions, brokers/dealers, and advisors with which the City will do business and diversifying the portfolio to reduce potential losses on individual securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City'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.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

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.

NOTE C - CAPITAL ASSETS

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

For The Year Ended March 31, 2010				
	Balance March 31 2009	Transfers And Additions	Transfers And Deletions	Balance March 31 2010
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 121,859	-	-	121,859
Construction in progress	738,821	667,159	871,233	534,747
Total Capital Assets Not Being Depreciated	860,680	667,159	871,233	656,606
Capital assets being depreciated:				
Buildings and improvements	765,737	-	-	765,737
Vehicles	806,123	-	42,000	764,123
Equipment	196,778	26,395	5,688	217,485
Infrastructure	2,201,255	1,011,699	-	3,212,954
Total Capital Assets Being Depreciated	3,969,893	1,038,094	47,688	4,960,299
Less - Accumulated depreciation for:				
Buildings and improvements	213,532	17,891	-	231,423
Vehicles	700,040	40,776	42,000	698,816
Equipment	159,705	16,186	5,688	170,203
Infrastructure	229,755	93,760	-	323,515
Total Accumulated Depreciation	1,303,032	168,613	47,688	1,423,957
Total Capital Assets Being Depreciated, Net	2,666,861	869,481	-	3,536,342
 Governmental Activities Capital Assets, Net	 \$ 3,527,541	 1,536,640	 871,233	 4,192,948

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

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

	For The Year Ended March 31 2010
Governmental Activities	
Administration	\$ 8,096
Public works	131,604
Parks and recreation	6,567
Fire department	7,434
Police department	<u>14,912</u>
Total	<u>\$168,613</u>

NOTE D - 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 supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

2. Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 0.4% (general), 10.8% (police), and 11.9% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

3. Annual Pension Cost

For 2009, the City's annual pension cost of \$117,424 was equal to the required and actual contributions. The required contribution was determined as part of the February 28/29, 2007 and/or 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; b) projected salary increases of 4% per year, compounded annually attributable to inflation; c) additional projected salary increases ranging from 0% to 6% per year, depending on age, attributable to seniority/merit; d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back zero years for men and zero years for women; and e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009 was 15 years.

Three-year Trend Information

<u>For The Plan Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	\$117,424	100%	\$ -
2008	95,564	100	-
2007	4,973	100	-

Schedule of Funding Progress

<u>For The Actuarial Valuation Years Ended February 28/29</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Excess Actuarial Assets Over AAL</u>
2009	\$1,038,410	\$1,301,052	(\$262,642)
2008	1,110,652	1,129,638	(18,986)
2007	930,781	513,509	417,272

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

3. Annual Pension Cost (Continued)

For The Actuarial Valuation Years Ended February 28/29	Funded Ratio	Annual Covered Payroll	Unfunded AAL As A Percentage Of Covered Payroll
2009	80%	\$1,593,280	(16.5%)
2008	98	1,490,840	(1.3)
2007	181	509,180	-

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

During the plan year ended June 30, 2008, the police and fire department joined the LAGERS plan.

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

1. Plan Description

The Pension Plan for the Uniformed Employees of the City of Rock Hill (the Plan) is a single-employer, defined benefit pension plan covering all full-time employees of the Police and Fire Departments of the City hired before October 28, 2003. The Plan was created and governed by ordinance in accordance with state statutes. The Plan may be amended under the provisions of the original ordinance. The City contributes amounts to the Plan. The Plan provides retirement benefits based on service and salary with the City. The Plan also provides to the deceased member's spouse or children, based on the participant's service and salary with the City. The Plan is included in the financial statements of the City as a Pension Trust Fund and does not issue a separate financial statement.

As of May 1, 2008 (the most recent actuarial valuation date), membership in the Plan is comprised of the following:

Retirees and beneficiaries currently receiving benefits and vested terminated employees	18
Active employees	12

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

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Plan Description (Continued)

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

Participants who had not started receiving benefits by May 1, 2003 shall be eligible to receive 30% for their final average monthly compensation reduced by $1/20^{\text{th}}$ 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 $1/20^{\text{th}}$ 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 $1/20^{\text{th}}$ for each year of benefit service at normal retirement less than 20 years.

Participants who were not age 50 or had 15 years of service as of April 30, 2003 and former participants who began receiving benefits prior to May 1, 2003 shall be eligible for 40% of their final average monthly compensation reduced $1/20^{\text{th}}$ for each year of benefit service at normal retirement less than 20 years plus a temporary benefit of 10% of final average monthly compensation reduced $1/20^{\text{th}}$ for each year of benefit service at normal retirement less than 20 years. This temporary benefit shall be payable only until the participant reaches age 62.

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

2. Funding Status and Progress - Entry Age Actuarial Cost Method

The City uses the aggregate actuarial cost method for determining contributions. This actuarial method does not directly calculate the actuarial accrued liability. The purpose of presenting the actuarial accrued liability using the entry age method is to provide information that serves as a surrogate for the funded status and funding progress of the City. The following schedule of funding progress is presented using the entry age actual cost method:

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Funding Status and Progress - Entry Age Actuarial Cost Method

Pension Plan			
Valuation For The Actuarial Years Ended May 1	Actuarial Value Of Assets	Entry Age AAL	Unfunded AAL (UAAL)
2009*	N/A	N/A	N/A
2008	\$1,400,436	\$3,807,684	\$2,407,248
2007*	N/A	N/A	N/A
2006	1,352,194	3,523,644	2,171,450
Valuation For The Actuarial Years Ended May 1	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
2009*	N/A	N/A	N/A
2008	36.8%	\$637,069	377.9%
2007*	N/A	N/A	N/A
2006	38.4	569,486	381.3
Schedule Of Contributions			
For The Years Ended April 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2009*	N/A	\$142,000	N/A
2008	\$260,954	237,000	90.8%
2007*	N/A	236,769	N/A
2006	236,769	-	-

*Valuation was not performed

Actuarial assumptions for the entry age actuarial cost method are the same as the assumptions used for the aggregate actuarial cost method.

Additional information as of the latest actuarial valuation follows:

Valuation date	May 1, 2008
Actuarial cost method	Aggregate cost method
Amortization method	Not Applicable - Aggregate cost method
Asset valuation method	Fair value

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Funding Status and Progress - Entry Age Actuarial Cost Method (Continued)

Actuarial assumptions:

Investment rate of return	5.5%
Projected salary increase	4.5%
Pre-retirement mortality	1983 Group Annuity Mortality Table
Inflation rate	-
Post-retirement benefit increase	-

3. Annual Pension Cost

Annual pension costs for the Plan are shown in the trend information. The City had a net pension obligation of \$256,818 for the actuarial year ended April 30, 2008.

4. Trend Information

Historical trend information about the Plan is presented herewith as required supplementary information. This information is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparison with other Public Employee Retirement Systems (PERS).

Pension Plan

Valuation For The Years Ended April 30	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2008	\$259,012	91.5%	\$256,818
2007	234,806	100.8	234,806
2006	236,769	-	236,769

Pension Plan

Valuation For The Actuarial Years Ended April 30	Annual Required Contri- bution	Adjustment To Annual Required Contribution	Interest On Net Pension Obligation	Annual Pension Cost	Actual Contri- bution	Increase (Decrease) In Net Pension Obligation	Net Pension Obligation End Of Year
2008	\$260,954	(14,856)	12,914	259,012	(237,000)	22,012	256,818
2007	236,769	(14,985)	13,022	234,806	(236,769)	(1,963)	234,806
2006	236,769	-	-	236,769	-	236,769	236,769

NOTE E - RISK MANAGEMENT

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

The City is a member of the St. Louis Area Insurance Trust (SLAIT), which is a not-for-profit, self-insurance risk pool formed by various St. Louis County municipalities to cover worker's compensation, 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 F - COMMITMENTS AND CONTINGENCIES

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

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

At March 31, 2010, the City had design and construction contracts in the amount of \$57,675 for street improvements.

NOTE G - LONG-TERM DEBT

Long-term debt consists of the following:

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

General Obligation Bonds

	March 31 2010
\$3,000,000 General Obligation Bonds for street improvements, Series 2002, due in annual installments through March 1, 2022, interest payable at 3% to 4.875%.	<u>\$2,075,000</u>

Debt service requirements for the bonds are as follows:

<u>For The Years Ended March 31</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 135,000	96,298	231,298
2012	140,000	90,830	230,830
2013	145,000	85,020	230,020
2014	155,000	78,785	233,785
2015	160,000	71,965	231,965
2016 - 2020	910,000	240,923	1,150,923
2021 - 2022	<u>430,000</u>	<u>31,688</u>	<u>461,688</u>
	<u>\$2,075,000</u>	<u>695,509</u>	<u>2,770,509</u>

Tax Increment Revenue Bonds

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

	<u>Date Issued</u>	<u>Date Of Maturity</u>	<u>Date Of Annual Payment</u>	<u>Original Amount</u>	<u>Balance March 31 2010</u>
Tax increment revenue bonds:					
McKnight Crossing	7-28-1999	12-1-2019	December 1	\$373,200	<u>\$373,200</u>

Tax Increment Revenue Notes

During the years ending March 31, 2009, 2008, 2007, and 2006, the City issued Tax Increment Revenue Notes, Series 2006, totaling \$11,600,000 for the purpose of paying a portion of the redevelopment project costs in connection with the "NW/SW Redevelopment Project". The tax increment revenue notes are considered a special limited obligation of the City. The City will make principal and interest payments on the tax increment revenue notes based on the incremental payments in lieu of taxes (PILOTS) and economic activity tax (EATS).

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

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

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

	For The Year Ended March 31, 2010			Amounts Due Within One Year
	Balance March 31 2009	Additions	Reductions	Balance March 31 2010
General obligation bonds	\$ 2,205,000	-	130,000	2,075,000
Tax increment revenue bonds	373,200	-	-	373,200
Tax increment revenue notes	11,600,000	-	-	11,600,000
Capital leases	97,280	-	33,923	63,357
Compensated absences	139,023	94,978	100,761	133,240
	<u>\$14,414,503</u>	<u>94,978</u>	<u>264,684</u>	<u>14,244,797</u>
				<u>250,758</u>

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

Capital Lease

The City entered into lease agreements for the acquisition of two police cars and two public works trucks. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

	March 31 2010
Vehicles	\$139,671
Less - Accumulated depreciation	<u>77,864</u>
	<u>\$ 61,807</u>

A schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of March 31, 2010 is as follows:

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

For The Years Ended March 31		
	2011	\$38,559
	2012	<u>28,363</u>
Total Minimum Lease Payments		66,922
Less - Amount representing interest		<u>3,565</u>
Present Value of Minimum Lease Payments		<u>\$63,357</u>

NOTE H - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>March 31 2010</u>
Nonmajor Funds	NW/SW Redevelopment Fund	\$ 27
Nonmajor Funds	Nonmajor Funds	<u>141,194</u>
		<u>\$141,221</u>

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

NOTE I - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>March 31 2010</u>
General Fund	Nonmajor Funds	\$13,235
Nonmajor Funds	Nonmajor Funds	<u>10,184</u>
		<u>\$23,419</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending March 31, 2011.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE J - UNRESTRICTED NET ASSET DEFICIT

The government-wide statement of net assets reflects an unrestricted net asset deficit of (\$12,691,709). This total is comprised of \$718,509 in unrestricted net assets deficit from operations and unrestricted net assets deficit resulting from the issuance of various TIF revenue bonds and notes \$11,973,200, which is for development not owned by the City.

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

NOTE K - RESTRICTED NET ASSETS

The government-wide statement of net assets reports \$1,049,064 of restricted net assets, of which \$961,722 is restricted by enabling legislation.

NOTE L - TAX INCREMENT REVENUES PLEDGED

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes issued to finance certain improvements in the City. The bonds and notes are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved area. Incremental taxes were projected to produce 100% of the debt service requirements over the life of the bonds and notes. Total principal and interest remaining on the bonds and notes is reported in Note G. For the current year, principal and interest paid and total incremental tax revenues were \$718,687 and \$863,285, respectively.

NOTE M - PRIOR PERIOD ADJUSTMENTS

The previously stated net assets/fund balances have been adjusted as follows:

	Governmental Activities	General Fund	NW/SW Redevelopment Fund
Net assets (deficiency)/fund balances, March 31, 2009, as previously reported	\$ (10,379,126)	2,456,763	583,765
Restatement for:			
Accounts payable	15,320	15,320	-
Revenues	-	(90,642)	90,642
Net Assets (Deficiency)/Fund Balances, March 31, 2009, As Restated	<u>\$ (10,363,806)</u>	<u>2,381,441</u>	<u>674,407</u>

NOTE N - FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51), establishes standards for the measurement and recording of the estimated historical cost for land associated with right-of-way and easements. GASB 51 will be effective for the City for the year ending March 31, 2011. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), establishes standards for the policies and disclosures for fund balance among other things. GASB 54 will be effective for the City for the year ending March 31, 2012. The City, however, has not yet completed its assessment of these statements or the potential impact of these statements on its financial position.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2010

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Property Taxes	\$ 256,253	256,253	256,349	96
Gross Receipts Taxes				
Cable television	44,076	44,076	39,477	(4,599)
Electric	219,505	219,505	239,941	20,436
Gas	208,903	208,903	209,632	729
Telephone	435,061	435,061	376,345	(58,716)
Water	44,835	44,835	48,857	4,022
Total Gross Receipts Taxes	952,380	952,380	914,252	(38,128)
Licenses and Permits				
Auto personal property	12,909	12,909	13,146	237
Building permits	18,127	18,127	19,871	1,744
Liquor	8,625	8,625	6,988	(1,637)
Merchants' licenses	192,580	192,580	178,613	(13,967)
Total Licenses And Permits	232,241	232,241	218,618	(13,623)
Intergovernmental				
Cigarette tax	22,729	22,729	22,705	(24)
Gasoline tax	123,717	123,717	134,909	11,192
Motor vehicle tax	43,828	43,828	45,635	1,807
Road and bridge	114,049	114,049	100,726	(13,323)
Total Intergovernmental	304,323	304,323	303,975	(348)
Sales Tax	1,719,425	1,719,425	1,643,957	(75,468)
Fines and Court Costs	514,617	514,617	442,420	(72,197)
Investment Income	19,730	19,730	19,005	(725)
Miscellaneous				
Miscellaneous	10,000	10,000	26,940	16,940
Grant income	1,177,015	1,177,015	239,913	(937,102)
Parks and recreation	9,750	9,750	9,491	(259)
Total Miscellaneous	1,196,765	1,196,765	276,344	(920,421)
Total Revenues	5,195,734	5,195,734	4,074,920	(1,120,814)
EXPENDITURES				
Administration				
Personnel services:				
Salaries	272,144	260,984	246,992	(13,992)
Employee health insurance	34,634	37,034	36,968	(66)
Employee life insurance	2,023	2,623	2,587	(36)

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Administration (Continued)				
Personnel services (Continued):				
Employee pension	158,068	158,068	154,207	(3,861)
Fitness program	240	240	259	19
Payroll taxes	18,113	18,113	18,359	246
Unemployment	6,000	6,000	-	(6,000)
Operating expenditures:				
Board and mayor	1,690	1,790	1,305	(485)
Codification	2,300	2,300	1,535	(765)
Communications	11,100	11,100	11,892	792
Dues	5,130	5,130	4,436	(694)
Election	2,000	2,000	1,620	(380)
Insurance and bonds	18,109	18,109	15,509	(2,600)
Miscellaneous	10,500	17,500	17,654	154
Rent	81,960	81,960	77,578	(4,382)
Postage	4,990	4,990	3,837	(1,153)
Supplies and materials	5,510	5,510	4,848	(662)
Telephone	4,632	5,632	4,929	(703)
Training and education	10,612	10,612	4,417	(6,195)
Contracted services:				
Audit	18,500	18,500	14,722	(3,778)
Clerical	3,000	3,000	-	(3,000)
Employees	200	260	257	(3)
Legal	35,000	35,000	34,091	(909)
Other	33,010	33,010	34,669	1,659
Capital outlay:				
Equipment	201,946	201,946	1,595	(200,351)
Total Administration	<u>941,411</u>	<u>941,411</u>	<u>694,266</u>	<u>(247,145)</u>
 Police Department				
Personnel services:				
Salaries	550,598	548,598	519,748	(28,850)
Clothing allowance	7,319	8,319	8,415	96
Employee health insurance	74,326	74,326	71,925	(2,401)
Employee life insurance	7,177	7,177	6,495	(682)
Employee pension	59,663	59,663	48,102	(11,561)
Fitness program	1,920	1,920	2,020	100
Payroll taxes	41,398	41,398	36,635	(4,763)

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Police Department (Continued)				
Contracted services:				
Consulting	8,626	9,626	9,670	44
Crossing guard	500	500	500	-
Dispatching	36,050	36,050	35,000	(1,050)
Rejis computer expenditure	18,538	18,538	18,137	(401)
Vehicle operation	34,650	34,650	32,435	(2,215)
Jail expenses	3,480	3,480	2,550	(930)
Operating expenditures:				
Dues	795	795	770	(25)
Insurance and bonds	37,586	37,586	30,468	(7,118)
Miscellaneous	1,750	1,750	1,443	(307)
Repairs and maintenance	515	515	584	69
Supplies and materials	6,475	6,475	5,207	(1,268)
Telephone	12,900	12,900	13,334	434
Training and education	7,730	7,730	3,691	(4,039)
Debt service:				
Principal	13,288	13,288	13,589	301
Interest	2,029	2,029	2,029	-
Total Police Department	<u>927,313</u>	<u>927,313</u>	<u>862,747</u>	<u>(64,566)</u>
Fire Department				
Personnel services:				
Salaries	494,015	488,636	486,493	(2,143)
Clothing allowance	6,800	6,800	6,395	(405)
Fitness program	7,400	7,400	6,854	(546)
Employee health insurance	85,271	76,522	85,608	9,086
Employee life insurance	6,494	6,494	6,475	(19)
Employee pension	59,282	59,282	54,997	(4,285)
Payroll taxes	36,983	36,983	36,766	(217)
Contracted services:				
Dispatching	15,450	19,231	19,231	-
Employees	500	500	500	-
Operating expenditures:				
Dues	1,299	1,299	1,128	(171)
EMS supplies	1,000	1,000	630	(370)
Fire prevention	1,500	1,500	821	(679)
Insurance and bonds	33,325	33,325	27,014	(6,311)
Miscellaneous	1,400	2,380	2,380	-
Protective clothing	43,170	43,170	43,460	290
Repairs and maintenance	2,700	2,700	2,851	151

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Fire Department (Continued)				
Operating expenditures (Continued):				
Supplies and materials	1,210	1,210	915	(295)
Telephone	11,934	11,934	5,271	(6,663)
Training and education	5,139	5,139	5,301	162
Vehicle operation	16,945	26,312	26,312	-
Capital outlay:				
Department improvements	500	500	231	(269)
Fire fighting capital improvements	28,765	28,765	28,574	(191)
Total Fire Department	<u>861,082</u>	<u>861,082</u>	<u>848,207</u>	<u>(12,875)</u>
Public Works				
Personnel services:				
Salaries	216,851	211,751	204,585	(7,166)
Clothing allowance	1,875	6,975	6,955	(20)
Employee health insurance	34,602	34,602	33,375	(1,227)
Employee life insurance	3,036	3,036	3,014	(22)
Employee pension	4,047	4,047	810	(3,237)
Payroll taxes	16,300	16,300	15,222	(1,078)
Operating expenditures:				
Beautification	300	300	-	(300)
Equipment rental	5,000	5,000	3,191	(1,809)
Insurance and bonds	16,612	16,612	13,466	(3,146)
Miscellaneous	623	623	297	(326)
Mosquito fogging	1,650	1,650	1,161	(489)
Repairs and maintenance	8,960	15,960	15,928	(32)
Rock and asphalt	25,900	23,500	19,758	(3,742)
Salt	22,170	22,170	14,666	(7,504)
Street lighting	39,000	39,000	32,784	(6,216)
Street signs	2,012	2,012	1,638	(374)
Street sweeping	1,200	1,375	1,360	(15)
Supplies and materials	8,485	8,485	6,601	(1,884)
Telephone	4,080	4,080	3,450	(630)
Traffic paint	545	945	878	(67)
Trash removal	1,940	1,940	1,983	43
Tree removal	6,000	7,425	7,425	-
Training and education	380	380	263	(117)
Utilities	20,880	23,380	20,362	(3,018)
Vehicle operation	19,532	10,432	9,994	(438)
Weed killer	630	630	259	(371)
Capital outlay:				
Street and sidewalk repairs	1,916,242	2,142,086	766,973	(1,375,113)

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Public Works (Continued)				
Debt service:				
Principal	20,353	20,353	20,334	(19)
Interest	2,607	2,607	2,607	-
Total Public Works	<u>2,401,812</u>	<u>2,627,656</u>	<u>1,209,339</u>	<u>(1,418,317)</u>
Parks and Recreation				
Personnel services:				
Salaries	87,631	87,631	81,877	(5,754)
Employee health insurance	4,687	4,687	4,624	(63)
Employee life insurance	956	956	963	7
Employee pension	1,337	799	298	(501)
Payroll taxes	6,703	6,703	6,240	(463)
Operating expenditures:				
Day camp	3,000	2,547	2,546	(1)
Fall festival	5,000	6,784	6,762	(22)
Insurance and bonds	6,791	6,791	4,200	(2,591)
Miscellaneous	625	432	404	(28)
Special programs	2,600	2,600	2,216	(384)
Sports and recreation programs	2,500	1,900	900	(1,000)
Supplies and materials	750	750	75	(675)
Utilities	780	780	742	(38)
Capital outlay:				
Park improvements	3,500	3,500	942	(2,558)
Total Parks And Recreation	<u>126,860</u>	<u>126,860</u>	<u>112,789</u>	<u>(14,071)</u>
Housing Department				
Personnel services:				
Salaries	60,030	60,030	60,269	239
Clothing allowance	200	200	-	(200)
Employee health insurance	11,060	11,060	10,909	(151)
Employee life insurance	867	867	874	7
Employee pension	1,201	1,201	245	(956)
Payroll taxes	4,465	4,465	4,072	(393)
Operating expenditures:				
Building demolition	900	900	-	(900)
Dues and subscriptions	260	260	170	(90)
Insurance and bonds	4,652	4,652	3,771	(881)
Miscellaneous	750	750	120	(630)
Nuisance fees	1,250	1,250	355	(895)
Supplies and materials	60	60	-	(60)

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Housing Department (Continued)				
Operating expenditures (Continued):				
Telephone	780	780	744	(36)
Training and education	1,000	1,000	85	(915)
Vehicle operation	3,615	3,615	1,176	(2,439)
Total Housing Department	<u>91,090</u>	<u>91,090</u>	<u>82,790</u>	<u>(8,300)</u>
Municipal Court				
Personnel services:				
Salaries	102,983	102,983	99,046	(3,937)
Employee health insurance	18,630	18,630	17,432	(1,198)
Employee life insurance	1,157	1,157	1,123	(34)
Employee pension	2,022	2,022	323	(1,699)
Fitness program	480	480	519	39
Payroll taxes	7,710	7,710	6,849	(861)
Operating expenditures:				
Computer expenditure	20,628	20,628	19,157	(1,471)
Contracted services	-	-	52	52
Insurance and bonds	7,903	7,903	5,020	(2,883)
Miscellaneous	820	820	-	(820)
Supplies and materials	3,516	3,516	2,757	(759)
Telephone	1,536	1,536	1,419	(117)
Training and education	3,281	3,281	2,156	(1,125)
Vehicle operation	500	500	112	(388)
Total Municipal Court	<u>171,166</u>	<u>171,166</u>	<u>155,965</u>	<u>(15,201)</u>
Total Expenditures	<u>5,520,734</u>	<u>5,746,578</u>	<u>3,966,103</u>	<u>(1,780,475)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(325,000)	(550,844)	108,817	659,661
OTHER FINANCING SOURCES				
Sale of capital assets	<u>325,000</u>	<u>325,000</u>	<u>1,315</u>	<u>(323,685)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(225,844)</u>	<u>110,132</u>	<u>335,976</u>
FUND BALANCE, APRIL 1			<u>2,381,441</u>	
FUND BALANCE, MARCH 31			<u>\$ 2,491,573</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - NW/SW REDEVELOPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2010

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Property taxes	\$ 500,000	570,470	70,470
Sales tax	50,000	152,896	102,896
Investment income	-	8	8
Miscellaneous	-	23	23
Total Revenues	<u>550,000</u>	<u>723,397</u>	<u>173,397</u>
EXPENDITURES			
Current:			
Administration	-	989	989
Debt service:			
Interest	550,000	577,464	27,464
Total Expenditures	<u>550,000</u>	<u>578,453</u>	<u>28,453</u>
REVENUES OVER EXPENDITURES	-	144,944	144,944
OTHER FINANCING (USES)			
Transfers out	-	(27)	27
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	144,917	<u>144,917</u>
FUND BALANCE, APRIL 1		<u>674,407</u>	
FUND BALANCE, MARCH 31		<u>\$ 819,324</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2010

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, NW/SW Redevelopment Fund, Street Bond Fund, Tax Increment Revenue Fund, Sewer Lateral Fund, and Police Training Fund.
- g. Proceeds of capital leases and related expenditures are not budgeted.

Expenditures Exceeded Appropriations

For the year ended March 31, 2010, expenditures exceeded appropriations in the NW/SW Redevelopment Fund by \$28,453 and in the Street Bond Fund by \$260. These over expenditures were funded by greater than anticipated revenues of the applicable funds.

OTHER SUPPLEMENTAL INFORMATION SECTION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

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

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2010

	Special Revenue Funds					Debt Service Funds		Total
	Street Bond Fund	Tax Increment Revenue Fund	Sewer Lateral Fund	Police Training Fund	Special Allocation Revenue Fund	Debt Service Reserve Fund	Debt Service Fund	Nonmajor Governmental Funds
ASSETS								
Cash and investments	\$ 313,115	-	27,049	1,419	123,759	-	92	465,434
Receivables:								
Property taxes	68,731	3,051	-	-	-	-	-	71,782
Other receivables	-	-	1,774	-	-	-	-	1,774
Due from other funds	-	10,184	-	-	-	-	-	10,184
Investments - restricted	-	-	-	-	-	87,250	-	87,250
Total Assets	\$ 381,846	13,235	28,823	1,419	123,759	87,250	92	636,424
LIABILITIES AND FUND BALANCES								
Liabilities								
Deferred revenues	\$ 35,178	-	-	-	-	-	-	35,178
Due to other funds	-	13,235	-	-	10,184	-	-	23,419
Total Liabilities	35,178	13,235	-	-	10,184	-	-	58,597
Fund Balances								
Reserved for debt service	-	-	-	-	-	87,250	92	87,342
Unreserved, reported in:								
Special Revenue Funds	346,668	-	28,823	1,419	113,575	-	-	490,485
Total Fund Balances	346,668	-	28,823	1,419	113,575	87,250	92	577,827
Total Liabilities And Fund Balances	\$ 381,846	13,235	28,823	1,419	123,759	87,250	92	636,424

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2010

	Special Revenue Funds					Debt Service Funds		Total
	Street Bond Fund	Tax Increment Revenue Fund	Sewer Lateral Fund	Police Training Fund	Special Allocation Revenue Fund	Debt Service Reserve Fund	Debt Service Fund	Nonmajor Governmental Funds
REVENUES								
Property taxes	\$ 355,887	112,403	-	-	-	-	-	468,290
Sales tax	-	27,485	-	-	-	-	-	27,485
Investment income	-	-	10	-	1	9	-	20
Miscellaneous	229	-	55,883	4,004	-	-	-	60,116
Total Revenues	356,116	139,888	55,893	4,004	1	9	-	555,911
EXPENDITURES								
Current:								
Administration	-	-	-	-	2,613	-	-	2,613
Police department	-	-	-	2,616	-	-	-	2,616
Capital outlay	261	-	34,142	-	-	-	-	34,403
Debt service:								
Principal	130,000	-	-	-	-	-	-	130,000
Interest	101,498	-	-	-	-	-	141,223	242,721
Total Expenditures	231,759	-	34,142	2,616	2,613	-	141,223	412,353
REVENUES OVER (UNDER) EXPENDITURES	124,357	139,888	21,751	1,388	(2,612)	9	(141,223)	143,558
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	141,221	141,221
Transfers out	-	(139,888)	-	-	(1,306)	-	-	(141,194)
Total Other Financing Sources (Uses)	-	(139,888)	-	-	(1,306)	-	141,221	27
NET CHANGE IN FUND BALANCES	124,357	-	21,751	1,388	(3,918)	9	(2)	143,585
FUND BALANCES, APRIL 1	222,311	-	7,072	31	117,493	87,241	94	434,242
FUND BALANCES, MARCH 31	\$ 346,668	-	28,823	1,419	113,575	87,250	92	577,827

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - STREET BOND FUND
FOR THE YEAR ENDED MARCH 31, 2010

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Property taxes	\$ 300,000	355,887	55,887
Miscellaneous	400	229	(171)
Total Revenues	<u>300,400</u>	<u>356,116</u>	<u>55,716</u>
EXPENDITURES			
Capital outlay	-	261	261
Debt service:			
Principal	130,000	130,000	-
Interest	101,499	101,498	(1)
Total Expenditures	<u>231,499</u>	<u>231,759</u>	<u>260</u>
NET CHANGE IN FUND BALANCE	<u>\$ 68,901</u>	124,357	<u>55,456</u>
FUND BALANCE, APRIL 1		<u>222,311</u>	
FUND BALANCE, MARCH 31		<u>\$ 346,668</u>	

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - TAX INCREMENT REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2010

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Property taxes	\$ 108,217	112,403	4,186
Sales tax	<u>35,000</u>	<u>27,485</u>	<u>(7,515)</u>
Total Revenues	<u>143,217</u>	<u>139,888</u>	<u>(3,329)</u>
 OTHER FINANCING USES			
Transfer out	<u>143,217</u>	<u>139,888</u>	<u>(3,329)</u>
 NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u>-</u>	<u><u>-</u></u>
 FUND BALANCE, APRIL 1		<u>-</u>	
 FUND BALANCE, MARCH 31		<u><u>\$ -</u></u>	

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER LATERAL FUND
FOR THE YEAR ENDED MARCH 31, 2010

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Investment income	\$ 120	10	(110)
Miscellaneous	<u>55,200</u>	<u>55,883</u>	<u>683</u>
Total Revenues	<u>55,320</u>	<u>55,893</u>	<u>573</u>
 EXPENDITURES			
Capital outlay	<u>55,200</u>	<u>34,142</u>	<u>(21,058)</u>
 NET CHANGE IN FUND BALANCE	<u><u>\$ 120</u></u>	<u>21,751</u>	<u><u>21,631</u></u>
 FUND BALANCE, APRIL 1		<u>7,072</u>	
 FUND BALANCE, MARCH 31		<u><u>\$ 28,823</u></u>	

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - POLICE TRAINING FUND
FOR THE YEAR ENDED MARCH 31, 2010

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Miscellaneous	\$ 3,800	4,004	204
EXPENDITURES			
Current:			
Police department	3,560	2,616	(944)
NET CHANGE IN FUND BALANCE	<u>\$ 240</u>	1,388	<u>1,148</u>
FUND BALANCE, APRIL 1		<u>31</u>	
FUND BALANCE, MARCH 31		<u>\$ 1,419</u>	

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED MARCH 31, 2010

	Balance March 31 2009	Additions	Deductions	Balance March 31 2010
ASSET FORFEITURE				
ASSETS				
Cash	<u>\$ 3,896</u>	<u> 13,783</u>	<u> 9,996</u>	<u> 7,683</u>
LIABILITIES				
Deposits held for others	<u>\$ 3,896</u>	<u> 13,783</u>	<u> 9,996</u>	<u> 7,683</u>

STATISTICAL SECTION

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

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	60 - 64
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	65 - 71
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	72 - 76
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	77 - 78
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	79 - 81

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

CITY OF ROCK HILL, MISSOURI
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS

	March 31					
	2010	2009	2008	2007	2006	2005
Governmental Activities						
Invested in capital assets, net of related debt	\$ 2,054,591	1,225,261	1,736,653	936,930	789,170	(1,063,327)
Restricted	1,049,064	795,665	489,787	674,895	304,265	299,359
Unrestricted (deficit)	<u>(12,691,709)</u>	<u>(12,384,732)</u>	<u>(12,680,248)</u>	<u>(11,310,855)</u>	<u>(7,633,826)</u>	<u>(462,549)</u>
 Total Governmental Activities Net Assets (Deficiency)	 <u><u>\$ (9,588,054)</u></u>	 <u><u>(10,363,806)</u></u>	 <u><u>(10,453,808)</u></u>	 <u><u>(9,699,030)</u></u>	 <u><u>(6,540,391)</u></u>	 <u><u>(1,226,517)</u></u>

Source: Basic Financial Statements

GASB 34 was implemented in 2005.

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

		For The Years Ended March 31					
		2010	2009	2008	2007	2006	2005
EXPENSES							
Administration	\$	707,580	897,594	831,720	944,833	985,619	1,124,631
Police department		857,755	918,182	867,216	974,993	1,120,582	1,237,179
Fire department		833,474	783,028	735,159	715,554	812,094	859,402
Public works		543,215	587,699	512,210	523,213	819,166	813,145
Parks and recreation		118,781	150,181	121,133	129,643	143,272	157,600
Housing department		84,045	83,589	82,019	56,859	79,883	68,321
Municipal court		152,125	150,167	152,929	155,356	146,994	160,568
Economic development		-	268,923	1,266,583	3,628,898	6,435,596	-
Interest on long-term debt		1,254,762	1,241,446	1,378,350	761,408	599,786	176,844
Total Expenses		4,551,737	5,080,809	5,947,319	7,890,757	11,142,992	4,597,690
PROGRAM REVENUES							
Charges for services:							
Administration		218,618	234,162	238,826	244,643	269,043	274,666
Police department		446,940	544,176	506,678	434,629	478,157	352,518
Public works		55,883	53,444	54,691	54,060	53,860	55,551
Parks and recreation		9,491	5,485	10,995	17,660	25,825	33,140
Operating grants and contribuitions		282,792	285,105	300,016	408,578	279,311	288,204
Capital grants and contributions		238,391	5,160	151,300	-	-	24,598
Total Program Revenues		1,252,115	1,127,532	1,262,506	1,159,570	1,106,196	1,028,677
NET REVENUES (EXPENSES)		(3,299,622)	(3,953,277)	(4,684,813)	(6,731,187)	(10,036,796)	(3,569,013)

(Continued)

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

	For The Years Ended March 31					
	2010	2009	2008	2007	2006	2005
GENERAL REVENUES AND OTHER						
CHANGES IN NET ASSETS						
Taxes:						
Property	1,262,535	1,218,117	838,915	760,051	589,630	617,488
Sales	1,824,338	1,830,656	1,983,143	1,958,597	1,778,192	2,045,653
Utility	914,252	813,280	931,999	664,372	631,957	583,584
Other	22,705	22,746	22,705	22,705	22,705	22,705
Investment income	19,033	30,843	49,898	28,987	10,964	20,740
Miscellaneous	32,511	127,637	103,375	137,836	83,951	83,800
Gain on sale of capital assets	-	-	-	-	1,327,677	100,000
Total General Revenues And Other						
Changes In Net Assets	4,075,374	4,043,279	3,930,035	3,572,548	4,445,076	3,473,970
PRIOR PERIOD ADJUSTMENT						
CASH TO ACCRUAL BASIS	-	-	-	-	277,846	-
CHANGES IN NET ASSETS	<u>\$ 775,752</u>	<u>90,002</u>	<u>(754,778)</u>	<u>(3,158,639)</u>	<u>(5,313,874)</u>	<u>(95,043)</u>

Source: Basic Financial Statements

GASB 34 was implemented in 2005.

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

		March 31					
		2010	2009	2008	2007	2006	2005
General Fund							
Reserved		\$ 6,375	-	47,771	272,174	-	-
Unreserved		2,485,198	2,381,441	1,676,434	914,353	248,545	156,188
Total General Fund		<u>\$ 2,491,573</u>	<u>2,381,441</u>	<u>1,724,205</u>	<u>1,186,527</u>	<u>248,545</u>	<u>156,188</u>
All other governmental funds							
Reserved		\$ 87,342	87,335	88,576	92,818	88,548	87,782
Unreserved, reported in:							
Special Revenue Funds		1,309,809	1,021,314	515,677	385,912	268,403	411,040
Total All Other Governmental Funds		<u>\$ 1,397,151</u>	<u>1,108,649</u>	<u>604,253</u>	<u>478,730</u>	<u>356,951</u>	<u>498,822</u>

Source: Basic Financial Statements

GASB 34 was implemented in 2005.

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

	For The Years Ended March 31					
	2010	2009	2008	2007	2006	2005
REVENUES						
Property taxes	\$1,295,109	1,172,574	806,708	736,411	589,630	617,488
Gross receipts taxes	914,252	813,280	931,999	664,372	631,957	583,584
Licenses and permits	218,618	234,162	238,826	217,456	205,477	211,971
Intergovernmental	303,975	304,252	317,399	312,420	302,048	271,841
Sales tax	1,824,338	1,830,656	1,983,143	1,958,597	1,778,160	2,068,358
Fines and court costs	442,420	545,483	504,110	434,629	478,157	352,518
Investment income	19,033	30,843	49,898	28,987	10,964	20,740
Miscellaneous	336,483	195,325	325,683	355,606	227,202	276,147
Total Revenues	<u>5,354,228</u>	<u>5,126,575</u>	<u>5,157,766</u>	<u>4,708,478</u>	<u>4,223,595</u>	<u>4,402,647</u>
EXPENDITURES						
Administration	696,273	827,509	767,125	621,512	891,707	1,098,076
Police department	849,745	882,540	836,600	943,711	1,124,094	1,216,820
Fire department	819,402	770,806	737,679	674,597	796,835	849,830
Public works	419,425	438,321	407,531	423,816	554,498	618,551
Parks and recreation	111,847	110,631	113,762	122,886	139,773	154,457
Housing department	82,790	83,911	78,184	56,646	78,230	68,321
Municipal court	155,965	157,459	154,126	144,851	146,994	160,568
Economic development	-	268,923	1,266,583	3,628,898	-	-
Capital outlay	832,718	1,092,450	971,296	206,343	2,031,751	1,520,271
Debt service:						
Principal	163,923	635,391	268,750	285,000	4,050,000	220,000
Interest	824,821	445,315	269,659	169,355	279,033	176,844
Total Expenditures	<u>4,956,909</u>	<u>5,713,256</u>	<u>5,871,295</u>	<u>7,277,615</u>	<u>10,092,915</u>	<u>6,083,738</u>
REVENUES OVER (UNDER)						
EXPENDITURES	<u>397,319</u>	<u>(586,681)</u>	<u>(713,529)</u>	<u>(2,569,137)</u>	<u>(5,869,320)</u>	<u>(1,681,091)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of capital lease	-	29,524	110,147	-	-	-
Certificates of participation issued	-	-	-	-	-	150,000
Tax increment notes issued	-	268,923	1,266,583	3,628,898	-	-
Sale of capital assets	1,315	1,449,866	-	-	5,523,202	100,000
Transfers in	141,221	205,418	171,950	311,294	24,702	150,883
Transfers out	(141,221)	(205,418)	(171,950)	(311,294)	(24,702)	(150,883)
Total Other Financing Sources (Uses)	<u>1,315</u>	<u>1,748,313</u>	<u>1,376,730</u>	<u>3,628,898</u>	<u>5,523,202</u>	<u>250,000</u>
PRIOR PERIOD ADJUSTMENT						
CASH TO ACCRUAL BASIS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,604</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 398,634</u>	<u>1,161,632</u>	<u>663,201</u>	<u>1,059,761</u>	<u>(49,514)</u>	<u>(1,431,091)</u>
Debt service as a percentage of noncapital expenditures	24.0 %	23.0	10.9	6.4	51.8	8.4

Source: Basic Financial Statements

GASB 34 was implemented in 2005.

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

FUNCTIONS/PROGRAMS	Program Revenues					
	2010	2009	2008	2007	2006	2005
Governmental Activities						
Administration	\$ 218,618	234,162	238,826	244,643	269,043	274,666
Police department	456,909	547,467	507,688	434,629	478,157	358,881
Fire department	61,682	5,160	-	-	-	-
Public works	505,415	335,258	353,697	343,775	333,171	327,392
Parks and recreation	9,491	5,485	162,295	136,523	25,825	67,738
Total Governmental Activities	<u>\$ 1,252,115</u>	<u>1,127,532</u>	<u>1,262,506</u>	<u>1,159,570</u>	<u>1,106,196</u>	<u>1,028,677</u>

Source: Basic Financial Statements

GASB 34 was implemented in 2005.

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

For The Years Ended March 31	Sales Tax	Property Taxes	Utility Taxes	Other	Total
2010	\$ 1,824,338	\$ 1,295,109	\$ 914,252	\$ 303,975	\$ 4,337,674
2009	1,830,656	1,172,574	813,280	304,252	4,120,762
2008	1,983,143	806,708	931,999	317,399	4,039,249
2007	1,958,597	736,411	664,372	312,420	3,671,800
2006	1,778,160	589,630	631,957	302,048	3,301,795
2005	2,045,643	617,488	583,584	294,556	3,541,271

Source: Basic Financial Statements

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

For The Years Ended March 31	Regular Sales Tax (1)	Capital Improvement (2)	Parks (3)	Fire (4)	Total
2010	\$ 986,739	\$ 304,262	\$ 355,055	\$ 178,282	\$ 1,824,338
2009	934,370	326,086	379,462	190,738	1,830,656
2008	990,243	359,992	421,942	210,966	1,983,143
2007	981,733	354,087	415,442	207,335	1,958,597
2006	897,465	319,696	374,011	186,988	1,778,160
2005	1,026,163	369,732	433,381	216,367	2,045,643

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

(2) 0.5% implemented in 1995

(3) 0.5% implemented in 2004

(4) 0.25% implemented in 2001

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

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

Source: Basic Financial Statements

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
City of Rock Hill	0.7200	0.6770	0.6620	0.6670	0.6740	0.7530	0.8650	0.6730	0.3190	0.3600
Overlapping governments:										
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
St. Louis County	0.5230	0.5580	0.5580	0.5580	0.5580	0.5800	0.5800	0.5800	0.5800	0.5800
St. Louis Community College	0.2136	0.2013	0.2003	0.2233	0.2231	0.2368	0.2312	0.2320	0.2300	0.2400
Special School District	0.9384	0.9184	0.9084	0.8235	0.8399	0.9051	0.8640	0.8490	0.8350	0.6230
Metro Zoo	0.2493	0.2344	0.2330	0.2611	0.2654	0.2756	0.2260	0.2220	0.2220	0.2320
Sheltered Workshop	0.0740	0.0900	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850
Rock Hill Library	0.3550	0.3550	0.3550	0.3550	0.3600	0.3600	0.3600	0.3290	0.3220	0.3500
Metro Sewer District*	-	-	0.0667	0.0687	0.0686	0.0690	0.0690	0.0690	0.0690	0.0700
Deer Creek Sewer*	-	-	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Anti Pollution	-	-	-	-	-	-	-	-	0.0200	0.0200
Webster Groves School District	4.8612	5.4529	5.4489	5.4559	5.4549	4.7759	4.7689	4.6440	4.6100	4.9600

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

*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
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
LAST TEN CALENDAR YEARS

<u>For The Years Ended December 31</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Railroads And Utilities</u>	<u>Total Assessed Value</u>	<u>Total Direct Tax</u>	<u>Estimated Actual Value</u>
2009	\$ 88,729,300	\$ 12,364,394	\$ 905,387	\$ 101,999,081	0.720 *	\$ 449,214,398
2008	94,491,200	12,581,818	852,882	107,925,900	0.677 *	478,281,164
2007	88,977,720	11,667,290	875,818	101,520,828	0.662 *	458,074,336
2006	72,150,440	12,082,880	890,221	85,123,541	0.667 *	380,467,226
2005	72,635,730	11,560,260	887,662	85,083,652	0.674 *	379,717,298
2004	56,773,510	11,187,660	852,599	68,813,769	0.753 *	305,016,254
2003	58,162,470	11,777,473	799,640	70,739,583	0.865 *	310,823,641
2002	53,852,340	12,540,281	1,028,107	67,420,728	0.673	292,272,879
2001	53,850,150	12,581,418	1,080,985	67,512,553	0.319	292,701,399
2000	45,634,320	12,505,113	1,055,677	59,195,110	0.360	251,526,330

(1) 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 2003 through 2008 reflects a re-blended rate for the various types of taxable property.

CITY OF ROCK HILL, MISSOURI

PRINCIPAL TAXPAYERS (1)

CURRENT CALENDAR YEAR AND EIGHT YEARS AGO

Taxpayer	2009			2001		
	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value
Keebler Krossing, Inc	\$ 2,920,830	1	2.86 %	-		- %
Market at McKnight (Novus)	2,164,280	2	2.12	-		-
Stanford Court Apartments, LLC	1,612,150	3	1.58	919,720	3	1.36
McKnight Development, LLC	1,536,860	4	1.51	-		-
Eighteen Investments, Inc.	1,443,680	5	1.42	-		-
Novus Holdings, LLC	1,229,440	6	1.21	-		-
American Water Company	1,122,880	7	1.10	-		-
Colonial Square Associates	1,089,120	8	1.07	-		-
GBC Enterprises, LLC	926,450	9	0.91	536,460	6	0.79
AmerenUE	908,276	10	0.89	823,344	4	1.22
Sayers Printing Co.	-		-	1,420,120	1	2.10
Landside/Rock Hill Group, LLC	-		-	1,269,470	2	1.88
Rock Hill Partnership	-		-	758,400	5	1.12
9700 Manchester Redevelopment	-		-	429,310	7	0.64
Roofers Mart, Inc.	-		-	414,480	8	0.61
9313 Manchester, LLC	-		-	360,770	9	0.53
JJA Properties, LLC	-		-	351,580	10	0.52
	<u>\$ 14,953,966</u>		<u>14.67 %</u>	<u>\$ 7,283,654</u>		<u>10.77 %</u>

(1) Source: St. Louis County Assessor

Note: 2001 is the latest information available.

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

Fiscal Year	Tax Levy Year	Net Tax Levy (2)	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections (3)	Total Tax Collections	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes (4)	Outstanding Delinquent Taxes As Percent Of Levy
2010	2009	\$ 604,250	\$ 500,832	82.88 %	\$ 90,910	\$ 591,742	97.93 %	\$ 68,338	11.31 %
2009	2008	575,947	491,519	85.34	82,286	573,805	99.63	44,788	7.78
2008	2007	552,458	468,435	84.79	57,912	526,348	95.27	18,594	3.37
2007	2006	514,537	460,202	89.44	90,997	551,199	107.13	35,025	6.81
2006	2005	500,603	404,755	80.85	62,363	467,118	93.31	11,567	2.31
2005	2004	500,483	446,128	89.14	110,672	556,800	111.25	4,970	0.99
2004	2003	580,588	464,731	80.04	52,018	516,748	89.00	2,493	0.43
2003	2002	447,482	395,221	88.32	21,195	416,416	93.06	3,144	0.70
2002	2001	212,294	190,875	89.91	21,586	212,461	100.08	31	0.01
2001	2000	209,846	189,963	90.53	21,531	211,494	100.79	-	-

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

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

(3) Data for delinquent tax collection, excluding penalties and interest, is not available by levy year.

(4) As of March 31, 2010

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 (1)	Per Capita
	General Obligation Bonds	Tax Increment Revenue Bonds	Tax Increment Revenue Notes	Certificates Of Participation	Capital Leases	Note Payable			
2010	\$ 2,075,000	\$ 373,200	\$ 11,600,000	\$ -	\$ 63,357	\$ -	14,111,557	11.9 %	\$ 3,082
2009	2,205,000	373,200	11,600,000	-	97,280	-	14,275,480	12.0	3,097
2008	2,330,000	373,200	11,331,077	476,750	101,397	-	14,612,424	12.2	3,140
2007	2,450,000	513,200	10,064,494	476,750	-	-	13,504,444	11.2	2,902
2006	2,565,000	683,200	6,435,596	476,750	-	-	10,160,546	8.4	2,167
2005	2,680,000	818,200	-	4,276,750	-	-	7,774,950	6.4	1,653
2004	2,790,000	928,200	-	4,126,750	-	-	7,844,950	6.4	1,652
2003	2,895,000	1,038,200	-	-	-	-	3,933,200	3.2	825
2002	3,000,000	1,163,200	-	-	17,450	37,116	4,217,766	3.5	891
2001	-	1,373,200	-	-	33,055	83,185	1,489,440	1.2	313

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

(1) See Demographics and Economic Statistics Table.

Source: Basic Financial Statements

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

For The Years Ended March 31	General Obligation Bonds	Percentage of Estimated Actual Value of Property (1)	Per Capita (2)
2010	\$ 2,075,000	0.5 %	\$ 453
2009	2,205,000	0.5	478
2008	2,330,000	0.5	501
2007	2,450,000	0.6	527
2006	2,565,000	0.7	547
2005	2,680,000	0.9	570
2004	2,790,000	0.9	588
2003	2,895,000	1.0	607
2002	3,000,000	1.0	633
2001	-	-	-

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

(1) See Assessed and Estimated Actual Value of Taxable Property Table.

(2) See Demographics and Economic Statistics Table.

Source: Basic Financial Statements

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

TIF Revenue Bonds (1)								
For The Years Ended March 31	Sales Tax Revenues	Property Tax Revenues	Investment Income	Less Operating Expenditures	Net Available Revenues	Debt Service		Coverage (2)
						Principal	Interest	
2010	\$ 27,485	\$ 112,403	\$ 10	\$ 2,613	137,285	\$ -	\$ 141,223	97.21 %
2009	39,488	108,217	1,362	2,926	146,141	-	126,441	115.58
2008	46,326	109,885	6,705	4,389	158,527	140,000	18,444	100.05
2007	46,226	106,057	3,958	-	156,241	170,000	14,219	84.81
2006	48,489	105,057	3,522	1,402	155,666	135,000	24,063	97.86
2005	53,141	93,610	1,368	2,769	145,350	110,000	31,250	102.90
2004	87,451	90,723	780	5,429	173,525	110,000	38,125	117.15
2003	87,094	86,724	2,214	5,530	170,502	125,000	42,812	101.60

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

(2) Coverage made with funds from previous years used for principal and interest payments.

Source: Basic Financial Statements

CITY OF ROCK HILL, MISSOURI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
MARCH 31, 2010

<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	\$ 49,050,000	0.50 %	\$ 245,250
Webster Groves School District	39,160,000	17.00	6,657,200
	88,210,000		6,902,450
City direct debt	2,075,000	100.00 %	2,075,000
Total Direct And Overlapping Debt	<u>\$ 90,285,000</u>		<u>\$ 8,977,450</u>

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

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

	March 31									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Debt limit	\$ 10,199,908	10,792,590	10,152,083	8,512,354	8,508,365	6,881,377	7,073,958	6,742,073	6,751,255	5,919,511
Net debt applicable to limit	<u>2,075,000</u>	<u>2,205,000</u>	<u>2,330,000</u>	<u>2,450,000</u>	<u>2,565,000</u>	<u>2,680,000</u>	<u>2,790,000</u>	<u>2,895,000</u>	<u>3,000,000</u>	<u>-</u>
Legal Debt Margin	<u>\$ 8,124,908</u>	<u>8,587,590</u>	<u>7,822,083</u>	<u>6,062,354</u>	<u>5,943,365</u>	<u>4,201,377</u>	<u>4,283,958</u>	<u>3,847,073</u>	<u>3,751,255</u>	<u>5,919,511</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	20.34 %	20.43	22.95	28.78	30.15	38.95	39.44	42.94	44.44	-

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

Source: Basic Financial Statements

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

<u>For The Years Ended March 31</u>	<u>Population (1)</u>	<u>Median Household Income (2)</u>	<u>Personal Income (1)</u>	<u>Per Capita Income (1)</u>	<u>Webster Groves School District Enrollment</u>	<u>Unemployment Rate (2)</u>
2010	4,579	\$ 47,860	\$ 118,151,937	\$ 25,803	4,175	9.6
2009	4,609	47,869	118,926,027	25,803	4,192	8.6
2008	4,653	47,869	120,061,359	25,803	4,132	5.5
2007	4,653	47,869	120,061,359	25,803	4,068	4.4
2006	4,689	47,869	120,990,267	25,803	4,068	4.2
2005	4,703	47,869	121,351,509	25,803	4,126	4.7
2004	4,748	47,869	122,512,644	25,803	4,184	5.0
2003	4,766	47,869	122,977,098	25,803	4,141	4.8
2002	4,736	47,869	122,203,008	25,803	4,148	4.3
2001	4,760	47,869	122,822,280	25,803	4,167	3.6

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

(2) Source: Missouri Department of Economic Development

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

Employer	2010			2000			
	Employees	Rank	Percent Of Total City Employment	Employees	Rank	Percent Of Total City Employment	
Woodward Cleaning & Restoration, Inc.	125	1	3.0 %	NA	NA	NA	%
Hacienda Mexican Restaurant	98	2	2.4				
W. Schiller & Co., Inc.	75	3	1.8				
RSI Kitchen and Bath	61	4	1.5				
Millman Lumber Co.	59	5	1.4				
Stein Mart	50	6	1.2				
Walgreens	33	7	0.8				
City of Rock Hill	32	8	0.8				
Bandana's BBQ	28	9	0.7				
Froesel Tire Service Company	24	10	0.6				
	<u>585</u>		<u>14.2 %</u>	<u>NA</u>		<u>NA</u>	<u>%</u>

Source: The above named companies

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

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

FUNCTIONS/PROGRAMS	Full-Time Equivalent Employees As Of March 31									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General government:										
Administration	3	3	3	3	4	4	4	4	5	5
Police department	10	10	10	10	10	10	13	16	16	15
Fire department	10	10	10	10	10	11	11	11	11	11
Public works	5	5	5	5	7	6	5	5	5	4
Parks and recreation	1	1	1	3	3	3	5	4	4	4
Housing department	1	1	1	1	1	1	-	1	1	1
Municipal court	1	2	2	2	2	3	3	3	3	3

Source: City payroll records

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

FUNCTIONS/PROGRAMS	As Of March 31									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police department:										
Average number of calls per month	477	443	422	462	NA	NA	NA	NA	NA	NA
Average number of arrests per month	20	25	24	27	23	23	27	34	38	32
Number of crime incidences reported	420	540	568	612	625	715	823	797	850	750
Fire department:										
Average number of fire calls per month	76	74	64	78	70	71	63	58	47	46
Housing/building inspections:										
Number of permits:										
Building (decks, porches, roofs, garages)	22	25	6	3	NA	NA	NA	NA	NA	NA
Driveways	12	8	10	3	20	NA	NA	NA	NA	NA
Fences	17	18	22	3	NA	NA	NA	NA	NA	NA
Residential	172	142	201	276	NA	NA	NA	NA	NA	NA
Commercial	83	63	152	111	287	NA	NA	NA	NA	NA
Cost of construction (1):										
Building (decks, porches, roofs, garages)	183,521	82,605	8,150	5,921	NA	NA	NA	NA	NA	NA
Driveways	41,965	24,000	30,000	9,000	NA	NA	NA	NA	NA	NA
Fences	28,538	27,000	33,000	4,500	NA	NA	NA	NA	NA	NA
Residential	1,464,143	878,368	1,962,143	3,126,924	3,790,743	NA	NA	NA	NA	NA
Commercial	1,799,744	1,672,746	2,259,882	9,523,704	9,970,704	NA	NA	NA	NA	NA
Finance and administration:										
Business licenses issued (August 1)	64	55	60	67	65	NA	NA	NA	NA	NA
Merchant licenses issued (August 1)	118	105	104	101	99	NA	NA	NA	NA	NA
Liquor licenses issued (July 1)	15	15	18	15	14	NA	NA	NA	NA	NA

(1) Estimates based on data provided by applicants

Source: City records - various departments listed

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

FUNCTIONS/PROGRAMS	As Of March 31									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Parks and recreation:										
Number of parks	7	7	7	7	7	7	7	6	5	5
Acres of parks	12	12	12	12	12	12	12	11	11	11
Number of tennis courts	6	6	6	6	6	6	6	6	6	6
Miles of trails	1	1	1	1	1	1	1	1	1	1
Number of ball fields	2	2	2	2	2	2	2	2	2	2
Fire department:										
Vehicles (including fire trucks)	3	4	4	4	4	4	4	4	4	4
Police department:										
Vehicles	8	8	8	8	8	8	9	NA	NA	NA
Public works:										
Vehicles	6	6	6	7	6	NA	5	NA	NA	NA
Area of City (square miles)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Miles of streets	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5
Number of streets	87	87	88	88	88	88	88	87	87	87
Number of street lights	325	335	335	335	335	335	335	335	335	335
Housing/building inspector:										
Vehicles	1	2	1	1	1	1	2	1	1	1
Other City owned property:										
Public works facility	1	1	1	1	1	1	1	1	1	1
City hall facilities (buildings)	-	-	-	-	2	2	2	2	2	2
Park/pre-school building	1	1	1	1	1	1	1	1	1	1
Other property (parcels)	3	3	8	8	8	3	3	3	3	3

Source: City records - various departments listed