

CITY OF ROCK HILL, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
MARCH 31, 2011**

CITY OF ROCK HILL, MISSOURI

**Comprehensive Annual Financial Report
For The Fiscal Year Ended March 31, 2011**

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

CITY OF ROCK HILL, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

CITY OF ROCK HILL, MISSOURI
PRINCIPAL CITY OFFICIALS

Elected Officials (As of Report Date)

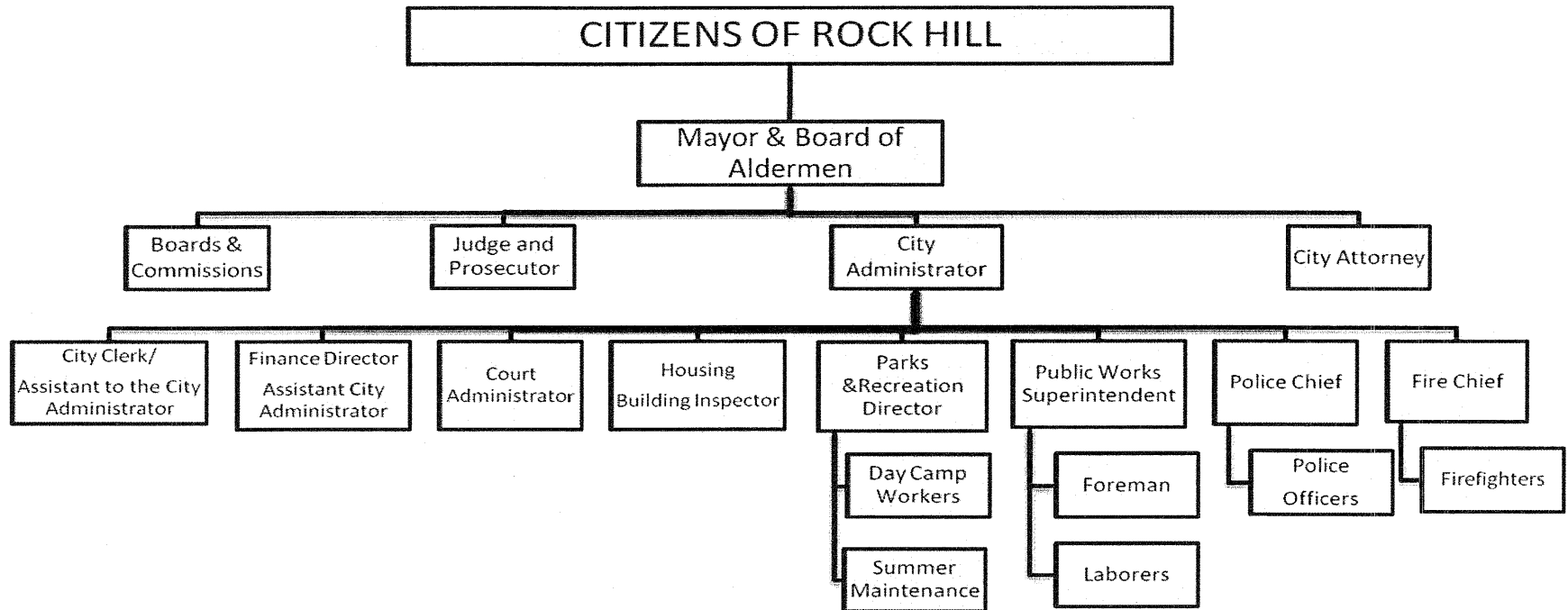
<u>Position</u>	<u>Name</u>	<u>Term</u>
Mayor	Daniel DiPlacido	4/10 - 4/14
Alderman Ward 1	Philip Scherry	4/10 - 4/12
Alderman Ward 1	Edward Johnson	4/11 - 4/13
Alderman Ward 2	Edward Mahan	4/10 - 4/12
Alderwoman Ward 2	Chris Graber	4/11 - 4/13
Alderman Ward 3	Robert Weider	4/10 - 4/12
Alderwoman Ward 3	Mary Wofford	4/11 - 4/13

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, 2010

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

320 W. Thornton Ave. ♦ Rock Hill, MO 63119 ♦ (314)968-1410 ♦ Fax (314)968-4843

September 12, 2011

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, 2011, 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, 2011, 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, 2011. They also concluded that the financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the City

The City is located in St. Louis County and is approximately three miles west of the City of St. Louis, Missouri. The City covers approximately 1.1 square mile and serves 4,635 residents.

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

The City has approximately 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. In recent years the City has improved the General Fund balance to a balance of \$2,421,465. The policy goal is to maintain a General Fund balance of 30% of operating expenditures so that City services are not adversely impacted by fluctuating economic conditions. The City receives its primary revenue from sales and utility taxes at 42% and 26% 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 (SW TIF), Market at McKnight, has 127,300 square feet of retail space and was substantially completed in 2008. Phase one is 74% leased with the newest tenant, V Nails and Spa, opening in June 2011. Phase two (NW TIF) has been delayed due to the economic downturn in late 2008. The phase two site has also been reduced from 21.7 acres to 2.29 acres. This reduction removed the residential properties from the redevelopment area while leaving the corner commercial properties in the TIF area. 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. A successful 2003 street bond ballot initiative lead to \$3 million dollars of work. In April 2011 voters approved an additional \$3.5 million in street bonds to do additional work. Those bonds were issued in July 2011 and will provide the City with street bond project funds for the next three years.

Financial Policies. A review of policies lead to a number of updates including a revised fixed asset, fuel card, credit card, and fraud detection and reporting policies. In addition, a fund balance policy in compliance with GASB Statement 54 was adopted. The personnel policy was updated to include a social media policy as well in the last year.

Debt Management. At year-end the City had five debt issues outstanding. The current issues include: General Obligation (GO) Bonds Series 2010 totaling \$1,725,000 for street repairs, TIF bonds totaling \$310,100 for McKnight Crossing, TIF notes totaling \$11,600,000 for Market at McKnight, \$27,543 in two capital leases for vehicles, and \$143,865 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 TIF 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 and SW TIF Funds. 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 \$280,000 contribution in the current fiscal year. Another contribution of \$213,266 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 \$104,525 for the fiscal year covered in this report. Further discussion of this plan is in Note D of the financial statements.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended March 31, 2010. This was the second 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.

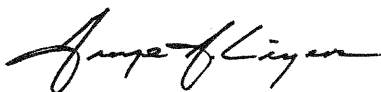
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the 2011 Innovation Award for small cities from the St. Louis County Municipal League. The award recognized the "Case Study Laboratory" where local graduate students help the City analyze the current situation and chart a course to financial recovery at no cost to the City.

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

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

INDEPENDENT AUDITORS' REPORT

September 12, 2011

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, 2011, 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, 2011, 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 September 12, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

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

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

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2011

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, 2011. 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 (\$9,334,282). The City has a deficit unrestricted net assets totaling (\$13,415,543) due to \$11,910,100 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 \$4,350,301.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,421,465.
- The City's total long-term debt decreased \$375,884 during the current fiscal year. The City refunded the general obligation bonds, while the rest of the long-term debt was paid down.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2011

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 eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the following major funds: General Fund, SW TIF Fund, NW TIF Fund, Street Bond Fund, and the Capital Projects 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 all of its funds. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds (which the City has none). The statement of 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.

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2011

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

Required supplemental information. In addition to the basic financial statements and accompanying notes, certain required supplemental information can be found on pages 40 through 50 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 53 through 59 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 (\$9,334,282) from a deficit of (\$9,588,054) or 2.6% 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, 2011

	March 31		2011 Change	
	2011	2010	Amount	Percent
ASSETS				
Current and other assets	\$ 4,685,797	4,346,625	339,172	7.8 %
Capital assets, net	4,272,732	4,192,948	79,784	1.9
Total Assets	8,958,529	8,539,573	418,956	4.9
LIABILITIES				
Long-term liabilities	14,252,327	14,501,615	(249,288)	(1.7)
Current liabilities	4,040,484	3,626,012	414,472	11.4
Total Liabilities	18,292,811	18,127,627	165,184	0.9
NET ASSETS (DEFICIENCY)				
Invested in capital assets, net of related debt	2,457,784	2,054,591	403,193	19.6
Restricted	1,623,477	1,049,064	574,413	54.8
Unrestricted (deficit)	(13,415,543)	(12,691,709)	(723,834)	(5.7)
Total Net Assets (Deficiency)	\$ (9,334,282)	(9,588,054)	253,772	2.6 %

The largest portion of the City's net assets, \$2,457,784 in 2011, 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, \$1,623,477 in 2011, 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 (\$13,415,543) in 2011. This deficit is primarily the result of the balance of \$11,910,100 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 \$253,772. Key elements of this are as follows:

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2011

	For The Years Ended March 31		2011 Change	
	2011	2010	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 709,083	730,932	(21,849)	(3.0) %
Operating grants and contributions	287,645	282,792	4,853	1.7
Capital grants and contributions	-	238,391	(238,391)	(100.0)
	<u>996,728</u>	<u>1,252,115</u>	<u>(255,387)</u>	<u>(20.4)</u>
General revenues:				
Taxes	4,097,460	4,023,830	73,630	1.8
Investment income	24,105	19,033	5,072	26.6
Other	62,788	32,511	30,277	93.1
Total Revenues	<u>5,181,081</u>	<u>5,327,489</u>	<u>(146,408)</u>	<u>(2.7)</u>
EXPENSES				
Administration	1,032,427	707,580	324,847	45.9
Police department	864,021	857,755	6,266	0.7
Fire department	800,864	833,474	(32,610)	(3.9)
Public works	626,795	543,215	83,580	15.4
Parks and recreation	130,224	118,781	11,443	9.6
Housing department	85,105	84,045	1,060	1.3
Municipal court	122,836	152,125	(29,289)	(19.3)
Interest on long-term debt	1,265,037	1,254,762	10,275	0.8
Total Expenses	<u>4,927,309</u>	<u>4,551,737</u>	<u>375,572</u>	<u>8.3</u>
CHANGE IN NET ASSETS	253,772	775,752	(521,980)	(67.3)
NET ASSETS (DEFICIENCY), APRIL 1	<u>(9,588,054)</u>	<u>(10,363,806)</u>	<u>775,752</u>	<u>7.5</u>
NET ASSETS (DEFICIENCY), MARCH 31	<u>\$ (9,334,282)</u>	<u>(9,588,054)</u>	<u>253,772</u>	<u>2.6 %</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 in-flows, outflows, and balances of spendable resources. Such information is useful in assessing the 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.

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2011

At March 31, 2011, the City's combined fund balance was \$4,350,301, an increase of \$461,577 from 2010. 98% of the total amount (\$4,263,078) constitutes unreserved fund balance which is available for spending at the City's discretion.

During the year ended March 31, 2011, the fund balance in the City's General Fund decreased by \$111,454 or 4.4% from the prior year fund balance. The change of the current year's fund balance is mainly due to the decrease of revenues.

The SW TIF Fund increased by \$122,188 due to increased property tax and sales tax collections from the new development.

The NW TIF Fund increased by \$122,287 due to property tax and sales tax collections within the tax increment financing area which has not been developed to date.

The Street Bond Fund decreased by \$42,867 due to the refunding of the general obligation bonds.

The Capital Projects Fund increased by \$358,544 due to the collection of taxes to be used for future capital projects.

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, 2011, cash in the Agency Fund equaled \$7,966 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, 2011, the net assets of the Pension Trust Fund totaled \$1,659,546.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City has invested, net of accumulated depreciation, \$4,272,732 at March 31, 2011 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 \$79,784. The City purchased capital assets totaling \$246,620 during the fiscal year ended March 31, 2011. The City's capital assets, net of accumulated depreciation, consisted of:

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2011

	March 31		2011 Change	
	2011	2010	Amount	Percent
Land	\$ 270,939	121,859	149,080	122.3 %
Construction in progress	273,941	534,747	(260,806)	(48.8)
Buildings and improvements	403,049	534,314	(131,265)	(24.6)
Vehicles	33,873	65,307	(31,434)	(48.1)
Equipment	31,097	47,282	(16,185)	(34.2)
Infrastructure	3,259,833	2,889,439	370,394	12.8
Total	\$ 4,272,732	4,192,948	79,784	1.9 %

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

Long-term debt. The following is a summary of long-term debt:

	March 31		2011 Change	
	2011	2010	Amount	Percent
General obligation bonds	\$ 1,787,405	2,075,000	(287,595)	(13.9) %
Tax increment revenue bonds	310,100	373,200	(63,100)	(16.9)
Tax increment revenue notes	11,600,000	11,600,000	-	-
Capital leases	27,543	63,357	(35,814)	(56.5)
Compensated absences	143,865	133,240	10,625	8.0
Total	\$ 13,868,913	14,244,797	(375,884)	(2.6) %

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 revenue and expenditure accounts in the General Fund during the fiscal year. Revenues were \$28,193 below the final budget of \$3,199,756 primarily due to reduced grant income. Expenditures were \$294,790 below the final budget of \$3,588,154 due to various decreases in expenditures.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year ended March 31, 2012, the City budgeted for various small revenue decreases. The decreases were due to the general state of the economy and reduced sales tax revenue.

The City budgeted for various expenditure decreases to coincide with the revenue decreases.

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2011

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
320 W. Thornton Ave.
Rock Hill, MO 63119

CITY OF ROCK HILL, MISSOURI**STATEMENT OF NET ASSETS****MARCH 31, 2011**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 3,499,064
Receivables (net):	
Property tax	623,376
Municipal taxes	377,140
Intergovernmental	37,423
Other	18,718
Bond issue costs	42,853
Investments - restricted	87,223
Capital assets:	
Land and construction in progress	544,880
Other capital assets, net of accumulated depreciation	3,727,852
Total Assets	<u>8,958,529</u>
LIABILITIES	
Accounts payable	63,955
Accrued payroll	50,759
Accrued interest	3,880,463
Due to others	17,944
Plan deposits	27,363
Noncurrent liabilities:	
Due within one year	263,862
Due in more than one year	13,605,051
Due in more than one year - net pension obligation	383,414
Total Liabilities	<u>18,292,811</u>
NET ASSETS (DEFICIENCY)	
Invested in capital assets, net of related debt	2,457,784
Restricted for:	
Debt service	87,223
Capital projects	317,198
Sewer lateral	20,272
Tax increment financing	1,198,784
Unrestricted (deficit)	<u>(13,415,543)</u>
Total Net Assets (Deficiency)	<u>\$ (9,334,282)</u>

CITY OF ROCK HILL, MISSOURI

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2011

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	\$ 1,032,427	208,906	5,709	-	(817,812)
Police department	864,021	436,811	1,199	-	(426,011)
Fire department	800,864	-	-	-	(800,864)
Public works	626,795	55,754	280,737	-	(290,304)
Parks and recreation	130,224	7,612	-	-	(122,612)
Housing department	85,105	-	-	-	(85,105)
Municipal court	122,836	-	-	-	(122,836)
Interest on long-term debt	1,265,037	-	-	-	(1,265,037)
Total Governmental Activities	<u>\$ 4,927,309</u>	<u>709,083</u>	<u>287,645</u>	<u>-</u>	<u>(3,930,581)</u>
General Revenues					
Taxes:					
Property					1,366,855
Sales					1,874,108
Utility					833,792
Other					22,705
Investment income					24,105
Gain on sale of capital assets					6,847
Miscellaneous					55,941
Total General Revenues					<u>4,184,353</u>
CHANGE IN NET ASSETS					253,772
NET ASSETS (DEFICIENCY), APRIL 1					<u>(9,588,054)</u>
NET ASSETS (DEFICIENCY), MARCH 31					<u>\$ (9,334,282)</u>

See notes to financial statements

CITY OF ROCK HILL, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2011

	<u>General Fund</u>	<u>SW TIF Fund</u>	<u>NW TIF Fund</u>	<u>Street Bond Fund</u>	<u>Capital Projects Fund</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
ASSETS							
Cash and investments	\$ 2,259,171	334,838	369,047	274,880	236,914	24,214	3,499,064
Receivables (net):							
Property tax	45,561	323,625	62,888	64,702	-	126,600	623,376
Municipal taxes	298,166	27,895	161	-	46,645	4,273	377,140
Intergovernmental	3,784	-	-	-	33,639	-	37,423
Other receivables	16,990	-	-	-	-	1,728	18,718
Investments - restricted	-	-	-	-	-	87,223	87,223
Total Assets	<u><u>\$ 2,623,672</u></u>	<u><u>686,358</u></u>	<u><u>432,096</u></u>	<u><u>339,582</u></u>	<u><u>317,198</u></u>	<u><u>244,038</u></u>	<u><u>4,642,944</u></u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 63,955	-	-	-	-	-	63,955
Accrued payroll	50,759	-	-	-	-	-	50,759
Deferred revenues	42,186	-	54,655	35,781	-	-	132,622
Due to others	17,944	-	-	-	-	-	17,944
Plan deposits	27,363	-	-	-	-	-	27,363
Total Liabilities	<u>202,207</u>	<u>-</u>	<u>54,655</u>	<u>35,781</u>	<u>-</u>	<u>-</u>	<u>292,643</u>
Fund Balances							
Reserved for:							
Debt service	-	-	-	-	-	87,223	87,223
Unreserved, reported in:							
General Fund	2,421,465	-	-	-	-	-	2,421,465
Capital Projects Fund	-	-	-	-	317,198	-	317,198
Special Revenue Funds	-	686,358	377,441	303,801	-	156,815	1,524,415
Total Fund Balances	<u>2,421,465</u>	<u>686,358</u>	<u>377,441</u>	<u>303,801</u>	<u>317,198</u>	<u>244,038</u>	<u>4,350,301</u>
Total Liabilities And Fund Balances	<u><u>\$ 2,623,672</u></u>	<u><u>686,358</u></u>	<u><u>432,096</u></u>	<u><u>339,582</u></u>	<u><u>317,198</u></u>	<u><u>244,038</u></u>	<u><u>4,642,944</u></u>

CITY OF ROCK HILL, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
MARCH 31, 2011

Total Fund Balances - Governmental Funds	\$ 4,350,301
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 \$5,792,810 and the accumulated depreciation is \$1,520,078.	4,272,732
Net pension obligations are not financial resources and, therefore, are not reported in the governmental funds.	(383,414)
Some revenues are not available soon enough to pay for current expenditures and are not reported as revenues in the governmental funds.	132,622
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	(143,865)
Accrued interest payable	(3,880,463)
Lease payable	(27,543)
Bonds payable	(2,097,505)
Tax increment financing notes	(11,600,000)
Unamortized bond issuance costs	42,853
	<hr/>
Total Net Deficiency Of Governmental Activities	<u><u>\$ (9,334,282)</u></u>

CITY OF ROCK HILL, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2011

	General Fund	SW TIF Fund	NW TIF Fund	Street Bond Fund	Capital Projects Fund	Other Govern- mental Funds	Total Govern- mental Funds
REVENUES							
Property tax	\$ 252,780	508,783	129,402	351,260	-	126,600	1,368,825
Gross receipts taxes	833,792	-	-	-	-	-	833,792
Licenses and permits	208,906	-	-	-	-	-	208,906
Intergovernmental	22,705	-	-	-	280,737	-	303,442
Sales tax	1,330,849	189,075	6,309	-	312,007	35,868	1,874,108
Fines and court costs	428,046	-	-	-	-	-	428,046
Investment income	24,065	16	14	-	-	10	24,105
Miscellaneous	70,420	-	-	41	-	59,471	129,932
Total Revenues	3,171,563	697,874	135,725	351,301	592,744	221,949	5,171,156
EXPENDITURES							
Current:							
Administration	848,977	34,541	13,438	522	-	2,946	900,424
Police department	848,722	-	-	-	-	3,578	852,300
Fire department	792,533	-	-	-	-	-	792,533
Public works	442,792	-	-	-	-	-	442,792
Parks and recreation	119,522	-	-	-	-	-	119,522
Housing department	85,522	-	-	-	-	-	85,522
Municipal court	117,830	-	-	-	-	-	117,830
Capital outlay	37,466	-	-	-	195,641	64,305	297,412
Debt service:							
Principal	-	-	-	160,000	35,814	63,100	258,914
Interest	-	541,145	-	63,646	2,745	75,141	682,677
Advance refunding escrow	-	-	-	170,000	-	-	170,000
Bond issuance costs	-	-	-	43,834	-	-	43,834
Total Expenditures	3,293,364	575,686	13,438	438,002	234,200	209,070	4,763,760
REVENUES OVER (UNDER) EXPENDITURES	(121,801)	122,188	122,287	(86,701)	358,544	12,879	407,396
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	10,347	-	-	-	-	-	10,347
Refunding of long-term debt	-	-	-	(1,752,194)	-	-	(1,752,194)
Issuance of long-term debt	-	-	-	1,750,000	-	-	1,750,000
Premium on issuance of long-term debt	-	-	-	46,028	-	-	46,028
Total Other Financing Sources (Uses)	10,347	-	-	43,834	-	-	54,181
NET CHANGE IN FUND BALANCES	(111,454)	122,188	122,287	(42,867)	358,544	12,879	461,577
FUND BALANCES, APRIL 1	2,532,919	564,170	255,154	346,668	(41,346)	231,159	3,888,724
FUND BALANCES, MARCH 31	\$ 2,421,465	686,358	377,441	303,801	317,198	244,038	4,350,301

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, 2011

Net Change In Fund Balances - Governmental Funds	\$ 461,577
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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 \$246,620 exceeded depreciation (\$163,336) in the current period.	83,284
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The net effect of various miscellaneous transactions involving capital assets:	
Cost of disposals, net of accumulated depreciation	(3,500)

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.

Debt issued during the current year:

Bonds payable	(1,750,000)
Bond issuance costs	43,834
Premium	(46,028)
Deferred charges on refunding	(17,806)

Repayments during the current year:

Bonds payable	2,163,100
Capital lease	35,814
Amortization	448

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

Increase in deferred revenues	3,078
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Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes of these items are:

Increase in accrued compensated absences	(10,625)
Increase in accrued interest	(582,808)
Net pension obligation	(126,596)

Change In Net Assets Of Governmental Activities	\$ 253,772
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See notes to financial statements

CITY OF ROCK HILL, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
MARCH 31, 2011

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash	\$ -	7,966
Investments, at fair value:		
Money market funds	91,752	-
Mutual funds	994,390	-
Government securities	570,833	-
Accrued interest and dividends	2,571	-
Total Assets	<u>1,659,546</u>	<u>7,966</u>
LIABILITIES		
Deposits held for others	<u>-</u>	<u>7,966</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 1,659,546</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, 2011

	<u>Pension Trust Fund</u>
ADDITIONS	
Investment income:	
Interest and dividends	\$ 26,041
Net appreciation in fair value of investments	142,087
Total Investment Income	<u>168,128</u>
Employer contributions	280,000
Total Additions - Net	<u>448,128</u>
DEDUCTIONS	
Benefits paid	196,852
Fees paid	1,569
Total Deductions	<u>198,421</u>
NET INCREASE	249,707
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, APRIL 1	<u>1,409,839</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, MARCH 31	<u><u>\$ 1,659,546</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

The financial statements of the City include the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB 14*. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's governing body or because the component unit will provide a financial benefit or impose a financial burden on the City. It was determined that the City does not have any component units.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Projects Fund -- The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities and infrastructure.

Additionally, the City reports the following fund types:

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

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

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

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

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

4. Cash and Investments

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

5. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements, net of accumulated depreciation. Capital assets are defined by the

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets (Continued)

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.

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

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 deferred charges and issuance costs, are deferred and amortized generally over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount and deferred charges.

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 October and are due and payable on or before December 31.

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

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

10. Allowance

Receivables are shown net of an allowance for uncollectibles of \$14,958.

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.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Due To/From Other Funds (Continued)

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, 2011, 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, 2011, the City had the following investments:

Investments	Fair Market Value	No Maturity	Maturities		Credit Risk
			Less Than One Year	1 - 5 Years	
Primary Government					
Money market funds	\$ 1,271,528	1,271,528	-	-	Not rated
Certificates of deposit	556,832	-	556,832	-	N/A
Total Primary Govern- ment Investments	1,828,360	1,271,528	556,832	-	
Fiduciary Funds					
Government securities:					
Federal Home Loan Mortgage Corporation	61,539	-	-	61,539	AAA
Federal National Mortgage Association	239,676	-	-	239,676	AAA
U.S. Treasury notes	269,618	-	10,158	259,460	AAA
Money market funds	91,752	91,752	-	-	Not rated
Mutual funds	994,390	994,390	-	-	N/A
Total Fiduciary Funds Investments	1,656,975	1,086,142	10,158	560,675	
Grand Total Invest- ments	\$ 3,485,335	2,357,670	566,990	560,675	

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:

	For The Year Ended March 31, 2011			
	Balance March 31 2010	Transfers And Additions	Transfers And Deletions	Balance March 31 2011
Capital assets not being depreciated:				
Land	\$ 121,859	149,080	-	270,939
Construction in progress	534,747	91,278	352,084	273,941
Total Capital Assets Not Being Depreciated	656,606	240,358	352,084	544,880
Capital assets being depreciated:				
Buildings and improvements	765,737	-	170,924	594,813
Vehicles	764,123	-	17,500	746,623
Equipment	217,485	-	-	217,485
Infrastructure	3,212,954	476,055	-	3,689,009
Total Capital Assets Being Depreciated	4,960,299	476,055	188,424	5,247,930
Less - Accumulated depreciation for:				
Buildings and improvements	231,423	13,556	53,215	191,764
Vehicles	698,816	27,934	14,000	712,750
Equipment	170,203	16,185	-	186,388
Infrastructure	323,515	105,661	-	429,176
Total Accumulated Depreciation	1,423,957	163,336	67,215	1,520,078
Total Capital Assets Being Depreciated, Net	3,536,342	312,719	121,209	3,727,852
Capital Assets, Net	\$ 4,192,948	553,077	473,293	4,272,732

NOTE C - CAPITAL ASSETS (Continued)

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

	For The Year Ended March 31 2011
Administration	\$ 3,823
Public works	134,163
Parks and recreation	6,505
Fire department	7,433
Police department	<u>11,412</u>
Total	<u>\$163,336</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 supplemental information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

2. 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 1.4% (general), 11.0% (police), and 12.1% (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

The City's annual pension cost and net pension obligation (NPO) for the current year were as follows:

Annual required contribution	\$104,525
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual Pension Cost	<u>104,525</u>
Actual contributions	<u>104,525</u>
Increase (decrease) in NPO	-
NPO beginning of year	<u>-</u>
 NPO End Of Year	 <u>\$ -</u>

The annual required contribution was determined as part of the February 29, 2008 and February 28, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included 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 and division, 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 for males 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 as of February 29, 2008 was 15 years for the general division, 29 years for the police division, and 29 years for the fire division. The amortization period as of February 28, 2009 was 8 years for the general division, 28 years for the police division, and 27 years for the fire division.

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>
2010	\$104,525	100%	\$ -
2009	117,424	100	-
2008	95,564	100	-

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

3. Annual Pension Cost (Continued)

Schedule of Funding Progress

For The Actuarial Valuation Years Ended February 28/29	Actuarial Value Of Assets	Entry Age Actuarial Accrued Liability (AAL)	Excess Actuarial Assets Over AAL
2010	\$1,178,877	\$1,413,494	(\$234,617)
2009	1,038,410	1,301,052	(262,642)
2008	1,110,652	1,129,638	(18,986)

For The Actuarial Valuation Years Ended February 28/29	Funded Ratio	Annual Covered Payroll	Unfunded AAL As A Percentage Of Covered Payroll
2010	83%	\$1,444,134	(16.2%)
2009	80	1,593,280	(16.5)
2008	98	1,490,840	(1.3)

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.

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.

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Plan Description (Continued)

As of May 1, 2010 (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	20
Active employees	10

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

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

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

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

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

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

2. 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)
2010	\$1,420,031	\$3,757,032	\$2,337,001
2009*	N/A	N/A	N/A
2008	1,400,436	3,807,684	2,407,248
Valuation For The Actuarial Years Ended May 1	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
2010	37.8%	\$543,362	430.1%
2009*	N/A	N/A	N/A
2008	36.8	637,069	377.9
Schedule Of Contributions			
For The Years Ended April 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	\$293,522	\$280,000	95.4%
2009*	N/A	142,000	N/A
2008	260,954	237,000	90.8

*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, 2010
Actuarial cost method	Aggregate cost method
Amortization method	Not Applicable - Aggregate cost method
Asset valuation method	Fair value
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	-

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

3. Annual Pension Cost

Annual pension costs for the Plan are shown in the trend information. The City had a net pension obligation of \$383,414 for the actuarial year ended April 30, 2010.

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
2010	\$289,821	96.6%	\$383,414
2009	258,775	54.9	373,593
2008	259,012	91.5	256,818

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 In Net Pension Obligation	Net Pension Obligation End Of Year
2010	\$293,522	(26,117)	22,416	289,821	(280,000)	9,821	383,414
2009	260,954	(16,304)	14,125	258,775	(142,000)	116,775	373,593
2008	260,954	(14,856)	12,914	259,012	(237,000)	22,012	256,818

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.

NOTE E - RISK MANAGEMENT (Continued)

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, 2011, the City had construction contracts in the amount of \$715,091 for street improvements, and a contract to purchase a new pumper for the fire department in the amount of \$405,432.

NOTE G - LONG-TERM DEBT

Long-term debt consists of the following:

General Obligation Bonds

	March 31
	<u>2011</u>
Series 2010 general obligation bonds of \$1,750,000 used for advanced refunding of the 2002 issue for street improvements, due in annual installments through March 1, 2022, interest payable at 1% to 4%.	<u>\$1,725,000</u>

Debt service requirements for the bonds are as follows:

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

<u>For The Years</u> <u>Ended March 31</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 10,000	50,450	60,450
2013	150,000	50,350	200,350
2014	160,000	47,350	207,350
2015	160,000	44,150	204,150
2016	160,000	40,950	200,950
2017 - 2021	890,000	125,125	1,015,125
2022	<u>195,000</u>	<u>6,825</u>	<u>201,825</u>
Total	<u>\$1,725,000</u>	<u>365,200</u>	<u>2,090,200</u>

In December 2010, the City issued \$1,750,000 of General Obligation Bonds to refund the 2002 General Obligation Bonds. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old debt. As a result the old debt is considered to be defeased and the liability for this debt issue has been removed from the City's financial statements. As of March 31, 2011, \$275,000 is the remaining amount of the old debt which is in an irrevocable trust which is considered defeased. The City decreased its aggregated debt service payments by \$140,852 over 11 years which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$95,638.

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</u> <u>Issued</u>	<u>Date Of</u> <u>Maturity</u>	<u>Date Of</u> <u>Annual</u> <u>Payment</u>	<u>Original</u> <u>Amount</u>	<u>Balance</u> <u>March 31</u> <u>2011</u>
Tax increment revenue bonds:					
McKnight Crossing	7-28-1999	12-1-2019	December 1	\$373,200	<u>\$310,100</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).

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.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM DEBT (Continued)

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

	For The Year Ended March 31, 2011			Amounts Due Within One Year	
	Balance March 31 2010	Additions	Reductions	Balance March 31 2011	
General obligation bonds	\$ 2,075,000	1,750,000	2,100,000	1,725,000	10,000
Plus - Premium	-	46,028	1,030	44,998	-
Plus - Deferred charges	-	17,806	399	17,407	-
Tax increment revenue bonds	373,200	-	63,100	310,100	140,000
Tax increment revenue notes	11,600,000	-	-	11,600,000	-
Capital leases	63,357	-	35,814	27,543	27,543
Compensated absences	133,240	97,443	86,818	143,865	86,319
Total	<u>\$ 14,244,797</u>	<u>1,911,277</u>	<u>2,287,161</u>	<u>13,868,913</u>	<u>263,862</u>

The general obligation bonds are to be liquidated by the Street Bond Fund. The tax increment revenue bonds are to be liquidated by the McKnight Crossing TIF Fund. The tax increment revenue notes are to be liquidated by the SW TIF Fund and the NW TIF Fund. The capital leases are to be liquidated by the Capital Projects Fund. The 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 2011
Vehicles	\$139,671
Less - Accumulated depreciation	<u>105,798</u>
Total	<u>\$ 33,873</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, 2011 is as follows:

For The Years Ended March 31	
2012	\$28,363
Less - Amount representing interest	<u>820</u>
Present Value of Minimum Lease Payments	<u>\$27,543</u>

NOTE H - UNRESTRICTED NET ASSET DEFICIT

The government-wide statement of net assets reflects an unrestricted net asset deficit of (\$13,415,543). This total is comprised of \$1,505,443 in unrestricted net assets deficit from operations and unrestricted net assets deficit resulting from the issuance of various TIF revenue bonds and notes \$11,910,100, 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 I - RESTRICTED NET ASSETS

The government-wide statement of net assets reports \$1,623,477 of restricted net assets, of which \$1,536,254 is restricted by enabling legislation.

NOTE J - 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 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 \$679,386 and \$996,077, respectively.

NOTE K - FEDERAL FORFEITURE ACTIVITY

The City had no revenues, expenditures, or ending balance as of March 31, 2011.

NOTE L - FUTURE ACCOUNTING PRONOUNCEMENTS

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.

NOTE M - SUBSEQUENT EVENT

In June 2011, the City issued a capital lease in the amount of \$49,932 for the acquisition of two police vehicles.

In July 2011, the City issued \$3,500,000 of general obligation bonds for street improvements.

NOTE N - RECLASSIFICATION OF FUND BALANCES

During the fiscal year ended March 31, 2011, the City split the NW/SW Redevelopment Fund into the SW TIF Fund and the NW TIF Fund, combined the Special Allocation Revenue Fund, Debt Service Reserve Fund, and the Debt Service Fund into the McKnight Crossing TIF Fund, and split out a Capital Projects Fund from the General Fund.

The previously stated fund balances have been adjusted as follows:

	General Fund	NW/SW Redevelop- ment Fund	SW TIF Fund	NW TIF Fund	Capital Projects Fund	Special Allocation Revenue Fund	Debt Service Reserve Fund	Debt Service Fund	McKnight Crossing TIF Fund
Fund balances, March 31, 2010, as previously reported	\$ 2,491,573	819,324	-	-	-	113,575	87,250	92	-
Reclassifications	<u>41,346</u>	<u>(819,324)</u>	<u>564,170</u>	<u>255,154</u>	<u>(41,346)</u>	<u>(113,575)</u>	<u>(87,250)</u>	<u>(92)</u>	<u>200,917</u>
Fund Balances, March 31, 2010, As Restated	<u>\$ 2,532,919</u>	<u>-</u>	<u>564,170</u>	<u>255,154</u>	<u>(41,346)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,917</u>

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Property Tax	<u>\$ 232,693</u>	<u>256,693</u>	<u>252,780</u>	<u>(3,913)</u>
Gross Receipts Taxes				
Cable television	43,245	35,245	34,265	(980)
Electric	228,642	283,642	290,836	7,194
Gas	210,992	194,492	191,804	(2,688)
Telephone	252,708	268,708	262,757	(5,951)
Water	48,525	53,025	54,130	1,105
Total Gross Receipts Taxes	<u>784,112</u>	<u>835,112</u>	<u>833,792</u>	<u>(1,320)</u>
Licenses and Permits				
Auto personal property	8,930	13,430	13,454	24
Building permits	18,343	15,343	15,084	(259)
Liquor	7,613	8,613	8,718	105
Merchants' licenses	179,312	171,812	171,650	(162)
Total Licenses And Permits	<u>214,198</u>	<u>209,198</u>	<u>208,906</u>	<u>(292)</u>
Intergovernmental				
Cigarette tax	<u>22,729</u>	<u>22,729</u>	<u>22,705</u>	<u>(24)</u>
Sales Tax				
County sales tax	862,962	820,462	816,337	(4,125)
Fire sales tax	174,192	169,692	170,911	1,219
Parks/Stormwater sales tax	337,206	340,906	343,601	2,695
Total Sales Tax	<u>1,374,360</u>	<u>1,331,060</u>	<u>1,330,849</u>	<u>(211)</u>
Fines and Court Costs	<u>448,734</u>	<u>428,169</u>	<u>428,046</u>	<u>(123)</u>
Investment Income	<u>7,500</u>	<u>24,000</u>	<u>24,065</u>	<u>65</u>
Miscellaneous				
Miscellaneous	6,800	58,550	55,900	(2,650)
Grant income	16,720	26,520	6,908	(19,612)
Parks and recreation	7,725	7,725	7,612	(113)
Total Miscellaneous	<u>31,245</u>	<u>92,795</u>	<u>70,420</u>	<u>(22,375)</u>
Total Revenues	<u>3,115,571</u>	<u>3,199,756</u>	<u>3,171,563</u>	<u>(28,193)</u>

(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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES				
Administration				
Personnel services:				
Salaries	247,817	247,817	248,341	524
Employee health insurance	35,836	35,836	41,776	5,940
Employee life insurance	2,038	2,038	2,802	764
Employee pension	295,989	295,989	294,394	(1,595)
Fitness program	240	240	239	(1)
Payroll taxes	18,131	18,131	18,707	576
Unemployment	6,000	6,000	9,818	3,818
Operating expenditures:				
Board and mayor	1,690	1,690	3,504	1,814
Codification	2,500	2,500	1,317	(1,183)
Communications	12,000	12,000	10,756	(1,244)
Dues	5,230	5,230	6,110	880
Election	2,400	2,400	1,780	(620)
Insurance and bonds	18,268	18,268	12,163	(6,105)
Miscellaneous	8,580	176,080	5,856	(170,224)
Rent	81,960	81,960	95,168	13,208
Postage	4,990	4,990	4,066	(924)
Supplies and materials	4,180	4,180	5,095	915
Telephone	5,020	5,020	4,990	(30)
Training and education	12,017	12,017	4,880	(7,137)
Contracted services:				
Audit	15,000	15,000	15,869	869
Clerical	3,000	3,000	228	(2,772)
Employees	200	200	150	(50)
Legal	25,000	25,000	28,578	3,578
Other	45,671	45,671	32,390	(13,281)
Capital outlay:				
Equipment	2,096	2,096	1,413	(683)
Total Administration	<u>855,853</u>	<u>1,023,353</u>	<u>850,390</u>	<u>(172,963)</u>
 Police Department				
Personnel services:				
Salaries	515,749	515,749	510,100	(5,649)
Clothing allowance	7,319	7,319	9,687	2,368
Employee health insurance	75,880	75,880	75,297	(583)

(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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Police Department (Continued)				
Personnel services (Continued):				
Employee life insurance	6,786	6,786	6,921	135
Employee pension	55,579	55,579	49,787	(5,792)
Fitness program	2,394	2,394	1,835	(559)
Payroll taxes	38,199	38,199	36,709	(1,490)
Contracted services:				
Consulting	8,991	8,991	9,024	33
Crossing guard	500	500	500	-
Dispatching	37,050	37,050	35,625	(1,425)
Rejis computer expenditure	18,730	18,730	19,281	551
Vehicle operation	34,650	34,650	39,354	4,704
Jail expenses	3,480	3,480	2,745	(735)
Operating expenditures:				
Dues	795	795	1,166	371
Insurance and bonds	34,886	34,886	24,740	(10,146)
Miscellaneous	1,750	1,750	1,001	(749)
Repairs and maintenance	515	515	164	(351)
Supplies and materials	6,475	6,475	6,111	(364)
Telephone	14,340	14,340	13,544	(796)
Training and education	6,035	6,035	5,131	(904)
Total Police Department	<u>870,103</u>	<u>870,103</u>	<u>848,722</u>	<u>(21,381)</u>
Fire Department				
Personnel services:				
Salaries	496,477	496,477	512,667	16,190
Clothing allowance	7,400	7,400	6,150	(1,250)
Fitness program	8,140	8,140	2,394	(5,746)
Employee health insurance	89,664	89,664	87,669	(1,995)
Employee life insurance	6,578	6,578	6,552	(26)
Employee pension	59,577	59,577	57,725	(1,852)
Payroll taxes	36,378	36,378	37,019	641
Contracted services:				
Dispatching	15,950	15,950	14,375	(1,575)
Employees	500	500	500	-

(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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Fire Department (Continued)				
Operating expenditures:				
Dues	1,574	1,574	1,460	(114)
EMS supplies	1,000	1,000	857	(143)
Fire prevention	1,500	1,500	1,230	(270)
Insurance and bonds	33,517	33,517	21,936	(11,581)
Miscellaneous	1,500	1,500	1,646	146
Protective clothing	2,700	2,700	160	(2,540)
Repairs and maintenance	2,700	2,700	2,150	(550)
Supplies and materials	1,485	1,485	1,370	(115)
Telephone	10,060	10,060	9,433	(627)
Training and education	5,450	5,450	7,000	1,550
Vehicle operation	18,645	18,645	20,240	1,595
Capital outlay:				
Department improvements	500	500	361	(139)
Fire fighting capital improvements	18,800	18,800	1,109	(17,691)
Total Fire Department	820,095	820,095	794,003	(26,092)
 Public Works				
Personnel services:				
Salaries	219,409	219,409	219,435	26
Clothing allowance	2,700	2,700	4,651	1,951
Employee health insurance	35,573	35,573	37,494	1,921
Employee life insurance	3,087	3,087	3,105	18
Employee pension	4,087	4,087	1,559	(2,528)
Payroll taxes	16,176	16,176	16,086	(90)
Operating expenditures:				
Beautification	400	400	198	(202)
Equipment rental	5,000	5,000	2,853	(2,147)
Insurance and bonds	16,811	16,811	10,934	(5,877)
Miscellaneous	573	573	1,384	811
Mosquito fogging	1,650	1,650	1,103	(547)
Repairs and maintenance	8,960	8,960	15,522	6,562
Rock and asphalt	29,400	29,400	26,717	(2,683)
Salt	24,445	24,445	12,853	(11,592)
Street lighting	39,000	39,000	37,829	(1,171)

(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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Public Works (Continued)				
Operating expenditures (Continued):				
Street signs	3,060	3,060	1,468	(1,592)
Street sweeping	1,400	1,400	680	(720)
Supplies and materials	8,485	8,485	7,425	(1,060)
Telephone	3,420	3,420	3,415	(5)
Traffic paint	725	725	774	49
Trash removal	1,940	1,940	2,543	603
Tree removal	6,000	6,000	-	(6,000)
Training and education	380	380	1,547	1,167
Utilities	23,000	23,000	19,901	(3,099)
Vehicle operation	19,532	19,532	13,091	(6,441)
Weed killer	630	630	225	(405)
Capital outlay:				
Street and sidewalk repairs	6,290	6,290	3,212	(3,078)
Total Public Works	<u>482,133</u>	<u>482,133</u>	<u>446,004</u>	<u>(36,129)</u>
Parks and Recreation				
Personnel services:				
Salaries	94,592	94,592	84,798	(9,794)
Employee health insurance	4,875	4,875	5,345	470
Employee life insurance	973	973	973	-
Employee pension	1,351	1,351	522	(829)
Payroll taxes	7,236	7,236	6,464	(772)
Operating expenditures:				
Day camp	3,000	3,000	2,286	(714)
Fall festival	7,500	7,500	6,428	(1,072)
Insurance and bonds	7,331	7,331	3,410	(3,921)
Miscellaneous	9,311	9,311	6,639	(2,672)
Special programs	2,600	2,600	1,657	(943)
Sports and recreation programs	2,000	2,000	-	(2,000)
Supplies and materials	750	750	240	(510)
Utilities	780	780	760	(20)
Capital outlay:				
Park improvements	2,624	2,624	-	(2,624)
Total Parks And Recreation	<u>144,923</u>	<u>144,923</u>	<u>119,522</u>	<u>(25,401)</u>

(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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Housing Department				
Personnel services:				
Salaries	60,630	60,630	60,989	359
Clothing allowance	200	200	42	(158)
Employee health insurance	11,494	11,494	12,056	562
Employee life insurance	883	883	883	-
Employee pension	1,213	1,213	469	(744)
Payroll taxes	4,371	4,371	4,121	(250)
Operating expenditures:				
Dues and subscriptions	270	270	70	(200)
Insurance and bonds	4,699	4,699	3,062	(1,637)
Miscellaneous	750	750	321	(429)
Nuisance fees	1,250	1,250	1,110	(140)
Supplies and materials	60	60	-	(60)
Telephone	780	780	668	(112)
Training and education	975	975	244	(731)
Vehicle operation	4,990	4,990	1,487	(3,503)
Capital outlay:				
Building demolition	30,900	30,900	31,371	471
Total Housing Department	<u>123,465</u>	<u>123,465</u>	<u>116,893</u>	<u>(6,572)</u>
Municipal Court				
Personnel services:				
Salaries	72,810	72,810	69,063	(3,747)
Employee health insurance	7,833	7,833	8,461	628
Employee life insurance	679	679	679	-
Employee pension	1,414	1,414	270	(1,144)
Fitness program	240	240	239	(1)
Payroll taxes	5,387	5,387	4,830	(557)
Operating expenditures:				
Computer expenditure	19,000	19,000	18,133	(867)
Contracted services	1,500	1,500	3,735	2,235
Insurance and bonds	5,566	5,566	4,076	(1,490)
Miscellaneous	820	820	150	(670)
Supplies and materials	3,516	3,516	3,758	242

(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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Municipal Court (Continued)				
Operating expenditures (Conitnued):				
Telephone	1,536	1,536	2,101	565
Training and education	3,281	3,281	2,335	(946)
Vehicle operation	500	500	-	(500)
Total Municipal Court	<u>124,082</u>	<u>124,082</u>	<u>117,830</u>	<u>(6,252)</u>
Total Expenditures	<u>3,420,654</u>	<u>3,588,154</u>	<u>3,293,364</u>	<u>(294,790)</u>
REVENUES UNDER EXPENDITURES	(305,083)	(388,398)	(121,801)	266,597
OTHER FINANCING SOURCES				
Sale of capital assets	<u>1,000</u>	<u>10,000</u>	<u>10,347</u>	<u>347</u>
NET CHANGE IN FUND BALANCE	<u>\$ (304,083)</u>	<u>(378,398)</u>	<u>(111,454)</u>	<u>266,944</u>
FUND BALANCE, APRIL 1			<u>2,532,919</u>	
FUND BALANCE, MARCH 31			<u>\$ 2,421,465</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SW TIF FUND
FOR THE YEAR ENDED MARCH 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Property tax	\$ 500,000	687,635	508,783	(178,852)
Sales tax	90,831	336,414	189,075	(147,339)
Investment income	-	-	16	16
Total Revenues	<u>590,831</u>	<u>1,024,049</u>	<u>697,874</u>	<u>(326,175)</u>
EXPENDITURES				
Current:				
Administration	35,000	35,000	34,541	(459)
Debt service:				
Interest	<u>555,831</u>	<u>989,049</u>	<u>541,145</u>	<u>(447,904)</u>
Total Expenditures	<u>590,831</u>	<u>1,024,049</u>	<u>575,686</u>	<u>(448,363)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	122,188	<u>122,188</u>
FUND BALANCE, APRIL 1			<u>564,170</u>	
FUND BALANCE, MARCH 31			<u>\$ 686,358</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - NW TIF FUND
FOR THE YEAR ENDED MARCH 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Property tax	\$ -	116,000	129,402	13,402
Sales tax	-	32,000	6,309	(25,691)
Investment income	-	-	14	14
Total Revenues	-	148,000	135,725	(12,275)
EXPENDITURES				
Current:				
Administration	-	13,400	13,438	38
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>134,600</u>	122,287	<u>(12,313)</u>
FUND BALANCE, APRIL 1			<u>255,154</u>	
FUND BALANCE, MARCH 31			<u>\$ 377,441</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - STREET BOND FUND - BUDGET BASIS
FOR THE YEAR ENDED MARCH 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Property taxes	\$ 300,000	355,800	351,260	(4,540)
Miscellaneous	225	45	41	(4)
Total Revenues	<u>300,225</u>	<u>355,845</u>	<u>351,301</u>	<u>(4,544)</u>
EXPENDITURES				
Current:				
Administration	-	523	522	(1)
Debt service:				
Principal	135,000	160,000	160,000	-
Interest	96,299	63,646	63,646	-
Total Expenditures	<u>231,299</u>	<u>224,169</u>	<u>224,168</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 68,926</u>	<u>131,676</u>	127,133	<u>(4,543)</u>
ADJUSTMENT TO RECONCILE TO GAAP BASIS				
Unbudgeted activity			<u>(170,000)</u>	
NET CHANGE IN FUND BALANCE - GAAP BASIS			(42,867)	
FUND BALANCE, APRIL 1			<u>346,668</u>	
FUND BALANCE, MARCH 31			<u>\$ 303,801</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, 2011

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data:

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

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.

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.

McKnight Crossing TIF 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.

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2011

	<u>Special Revenue Funds</u>			Total
	Sewer	Police	McKnight	Total
	Lateral	Training	Crossing	Nonmajor
	Fund	Fund	TIF	Governmental
	Fund	Fund	Fund	Funds
ASSETS				
Cash and investments	\$ 18,544	1,558	4,112	24,214
Receivables:				
Property tax	-	-	126,600	126,600
Municipal taxes	-	-	4,273	4,273
Other receivables	1,728	-	-	1,728
Investments - restricted	-	-	87,223	87,223
	<u>-</u>	<u>-</u>	<u>87,223</u>	<u>87,223</u>
Total Assets	<u>\$ 20,272</u>	<u>1,558</u>	<u>222,208</u>	<u>244,038</u>
LIABILITIES AND FUND BALANCES				
Liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Reserved for debt service	-	-	87,223	87,223
Unreserved, reported in:				
Special Revenue Funds	<u>20,272</u>	<u>1,558</u>	<u>134,985</u>	<u>156,815</u>
Total Fund Balances	<u>20,272</u>	<u>1,558</u>	<u>222,208</u>	<u>244,038</u>
	<u>20,272</u>	<u>1,558</u>	<u>222,208</u>	<u>244,038</u>
Total Liabilities And				
Fund Balances	<u>\$ 20,272</u>	<u>1,558</u>	<u>222,208</u>	<u>244,038</u>

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, 2011

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Sewer Lateral Fund</u>	<u>Police Training Fund</u>	<u>McKnight Crossing TIF Fund</u>	
REVENUES				
Property tax	\$ -	-	126,600	126,600
Sales tax	-	-	35,868	35,868
Investment income	-	-	10	10
Miscellaneous	55,754	3,717	-	59,471
Total Revenues	<u>55,754</u>	<u>3,717</u>	<u>162,478</u>	<u>221,949</u>
EXPENDITURES				
Current:				
Administration	-	-	2,946	2,946
Police department	-	3,578	-	3,578
Capital outlay	64,305	-	-	64,305
Debt service:				
Principal	-	-	63,100	63,100
Interest	-	-	75,141	75,141
Total Expenditures	<u>64,305</u>	<u>3,578</u>	<u>141,187</u>	<u>209,070</u>
NET CHANGE IN FUND BALANCES	(8,551)	139	21,291	12,879
FUND BALANCES, APRIL 1	<u>28,823</u>	<u>1,419</u>	<u>200,917</u>	<u>231,159</u>
FUND BALANCES, MARCH 31	<u>\$ 20,272</u>	<u>1,558</u>	<u>222,208</u>	<u>244,038</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Investment income	\$ 10	10	-	(10)
Miscellaneous	<u>52,200</u>	<u>55,800</u>	<u>55,754</u>	<u>(46)</u>
Total Revenues	52,210	55,810	55,754	(56)
EXPENDITURES				
Capital outlay	<u>55,000</u>	<u>64,300</u>	<u>64,305</u>	<u>5</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,790)</u>	<u>(8,490)</u>	(8,551)	<u>(61)</u>
FUND BALANCE, APRIL 1			<u>28,823</u>	
FUND BALANCE, MARCH 31			<u>\$ 20,272</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, 2011

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Miscellaneous	\$ 3,600	3,717	117
EXPENDITURES			
Current:			
Police department	3,578	3,578	-
NET CHANGE IN FUND BALANCE	<u>\$ 22</u>	139	<u>117</u>
FUND BALANCE, APRIL 1		<u>1,419</u>	
FUND BALANCE, MARCH 31		<u>\$ 1,558</u>	

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - MCKNIGHT CROSSING TIF FUND
FOR THE YEAR ENDED MARCH 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Property tax	\$ 112,000	126,600	126,600	-
Sales tax	31,290	36,290	35,868	(422)
Investment income	-	-	10	10
Total Revenues	<u>143,290</u>	<u>162,890</u>	<u>162,478</u>	<u>(412)</u>
EXPENDITURES				
Current:				
Administration	3,000	3,000	2,946	(54)
Debt service:				
Principal	65,290	84,890	63,100	(21,790)
Interest	75,000	75,000	75,141	141
Total Expenditures	<u>143,290</u>	<u>162,890</u>	<u>141,187</u>	<u>(21,703)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	21,291	<u>21,291</u>
FUND BALANCE, APRIL 1			<u>200,917</u>	
FUND BALANCE, MARCH 31			<u>\$ 222,208</u>	

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED MARCH 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Intergovernmental:				
Gasoline tax	\$ 132,486	132,486	134,225	1,739
Motor vehicle tax	43,845	46,345	49,184	2,839
Road and bridge	96,652	96,652	97,328	676
Grant income	1,624,052	84,052	-	(84,052)
Sales tax - capital improvements	323,246	312,846	312,007	(839)
Total Revenues	<u>2,220,281</u>	<u>672,381</u>	<u>592,744</u>	<u>(79,637)</u>
EXPENDITURES				
Capital outlay	2,121,297	244,597	195,641	(48,956)
Debt service:				
Principal	35,814	35,814	35,814	-
Interest	2,480	2,480	2,745	265
Total Expenditures	<u>2,159,591</u>	<u>282,891</u>	<u>234,200</u>	<u>(48,691)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 60,690</u>	<u>389,490</u>	358,544	<u>(30,946)</u>
FUND BALANCE, APRIL 1			(41,346)	
FUND BALANCE, MARCH 31			<u>\$ 317,198</u>	

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED MARCH 31, 2011

	<u>Balance</u> <u>March 31</u> <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31</u> <u>2011</u>
ASSET FORFEITURE				
ASSETS				
Cash	<u>\$ 7,683</u>	<u> 283</u>	<u> -</u>	<u> 7,966</u>
LIABILITIES				
Deposits held for others	<u>\$ 7,683</u>	<u> 283</u>	<u> -</u>	<u> 7,966</u>

STATISTICAL SECTION

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CITY OF ROCK HILL, MISSOURI

STATISTICAL SECTION OVERVIEW

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.	62 - 66
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	67 - 73
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.	74 - 78
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.	79 - 80
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.	81 - 83

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 SEVEN FISCAL YEARS**

	March 31						
	2011	2010	2009	2008	2007	2006	2005
Governmental Activities							
Invested in capital assets, net of related debt	\$ 2,457,784	2,054,591	1,225,261	1,736,653	936,930	789,170	(1,063,327)
Restricted	1,623,477	1,049,064	795,665	489,787	674,895	304,265	299,359
Unrestricted (deficit)	(13,415,543)	(12,691,709)	(12,384,732)	(12,680,248)	(11,310,855)	(7,633,826)	(462,549)
 Total Governmental Activites Net Assets (Deficiency)	 \$ (9,334,282)	 (9,588,054)	 (10,363,806)	 (10,453,808)	 (9,699,030)	 (6,540,391)	 (1,226,517)

Source: Basic Financial Statements

GASB 34 was implemented in 2005.

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

	For The Years Ended March 31						
	2011	2010	2009	2008	2007	2006	2005
EXPENSES							
Administration	\$ 1,032,427	707,580	897,594	831,720	944,833	985,619	1,124,631
Police department	864,021	857,755	918,182	867,216	974,993	1,120,582	1,237,179
Fire department	800,864	833,474	783,028	735,159	715,554	812,094	859,402
Public works	626,795	543,215	587,699	512,210	523,213	819,166	813,145
Parks and recreation	130,224	118,781	150,181	121,133	129,643	143,272	157,600
Housing department	85,105	84,045	83,589	82,019	56,859	79,883	68,321
Municipal court	122,836	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	1,265,037	1,254,762	1,241,446	1,378,350	761,408	599,786	176,844
Total Expenses	<u>4,927,309</u>	<u>4,551,737</u>	<u>5,080,809</u>	<u>5,947,319</u>	<u>7,890,757</u>	<u>11,142,992</u>	<u>4,597,690</u>
PROGRAM REVENUES							
Charges for services:							
Administration	208,906	218,618	234,162	238,826	244,643	269,043	274,666
Police department	436,811	446,940	544,176	506,678	434,629	478,157	352,518
Public works	55,754	55,883	53,444	54,691	54,060	53,860	55,551
Parks and recreation	7,612	9,491	5,485	10,995	17,660	25,825	33,140
Operating grants and contributions	287,645	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	<u>996,728</u>	<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>
NET REVENUES (EXPENSES)	<u>(3,930,581)</u>	<u>(3,299,622)</u>	<u>(3,953,277)</u>	<u>(4,684,813)</u>	<u>(6,731,187)</u>	<u>(10,036,796)</u>	<u>(3,569,013)</u>

(Continued)

CITY OF ROCK HILL, MISSOURI

CHANGES IN NET ASSETS (Continued)

LAST SEVEN FISCAL YEARS

	For The Years Ended March 31						
	2011	2010	2009	2008	2007	2006	2005
GENERAL REVENUES AND OTHER							
CHANGES IN NET ASSETS							
Taxes:							
Property	1,366,855	1,262,535	1,218,117	838,915	760,051	589,630	617,488
Sales	1,874,108	1,824,338	1,830,656	1,983,143	1,958,597	1,778,192	2,045,653
Utility	833,792	914,252	813,280	931,999	664,372	631,957	583,584
Other	22,705	22,705	22,746	22,705	22,705	22,705	22,705
Investment income	24,105	19,033	30,843	49,898	28,987	10,964	20,740
Miscellaneous	55,941	32,511	127,637	103,375	137,836	83,951	83,800
Gain on sale of capital assets	6,847	-	-	-	-	1,327,677	100,000
Total General Revenues And Other							
Changes In Net Assets	4,184,353	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>\$ 253,772</u>	<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 SEVEN FISCAL YEARS

	March 31						
	2011	2010	2009	2008	2007	2006	2005
General Fund							
Reserved	\$ -	6,375	-	47,771	272,174	-	-
Unreserved	2,421,465	2,526,544	2,381,441	1,676,434	914,353	248,545	156,188
Total General Fund	\$ 2,421,465	2,532,919	2,381,441	1,724,205	1,186,527	248,545	156,188
All other governmental funds							
Reserved	\$ 87,223	87,342	87,335	88,576	92,818	88,548	87,782
Unreserved, reported in:							
Capital Projects Fund	317,198	(41,346)	-	-	-	-	-
Special Revenue Funds	1,524,415	1,309,809	1,021,314	515,677	385,912	268,403	411,040
Total All Other Governmental Funds	\$ 1,928,836	1,355,805	1,108,649	604,253	478,730	356,951	498,822

Source: Basic Financial Statements

GASB 34 was implemented in 2005.

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

	For The Years Ended March 31						
	2011	2010	2009	2008	2007	2006	2005
REVENUES							
Property taxes	\$ 1,368,825	1,295,109	1,172,574	806,708	736,411	589,630	617,488
Gross receipts taxes	833,792	914,252	813,280	931,999	664,372	631,957	583,584
Licenses and permits	208,906	218,618	234,162	238,826	217,456	205,477	211,971
Intergovernmental	303,442	303,975	304,252	317,399	312,420	302,048	294,556
Sales tax	1,874,108	1,824,338	1,830,656	1,983,143	1,958,597	1,778,160	2,068,358
Fines and court costs	428,046	442,420	545,483	504,110	434,629	478,157	352,518
Investment income	24,105	19,033	30,843	49,898	28,987	10,964	20,740
Miscellaneous	129,932	336,483	195,325	325,683	355,606	227,202	253,432
Total Revenues	<u>5,171,156</u>	<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	900,424	696,273	827,509	767,125	621,512	891,707	1,098,076
Police department	852,300	849,745	882,540	836,600	943,711	1,124,094	1,216,820
Fire department	792,533	819,402	770,806	737,679	674,597	796,835	849,830
Public works	442,792	419,425	438,321	407,531	423,816	554,498	618,551
Parks and recreation	119,522	111,847	110,631	113,762	122,886	139,773	154,457
Housing department	85,522	82,790	83,911	78,184	56,646	78,230	68,321
Municipal court	117,830	155,965	157,459	154,126	144,851	146,994	160,568
Economic development	-	-	268,923	1,266,583	3,628,898	-	-
Capital outlay	297,412	832,718	1,092,450	971,296	206,343	2,031,751	1,520,271
Debt service:							
Principal	258,914	163,923	635,391	268,750	285,000	4,050,000	220,000
Interest	682,677	824,821	445,315	269,659	169,355	279,033	176,844
Advance refunding escrow	170,000	-	-	-	-	-	-
Bond issuance costs	43,834	-	-	-	-	-	-
Total Expenditures	<u>4,763,760</u>	<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>407,396</u>	<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 long-term debt	1,750,000	-	298,447	1,376,730	3,628,898	-	150,000
Refunding of long-term debt	(1,752,194)	-	-	-	-	-	-
Premium on issuance of long-term debt	46,028	-	-	-	-	-	-
Sale of capital assets	10,347	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>54,181</u>	<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>-</u>	<u>296,604</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 461,577</u>	<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	25.6 %	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 SEVEN FISCAL YEARS

FUNCTIONS/PROGRAMS	For The Years Ended March 31						
	2011	2010	2009	2008	2007	2006	2005
Governmental Activities							
Administration	\$ 214,615	218,618	234,162	238,826	244,643	269,043	274,666
Police department	438,010	456,909	547,467	507,688	434,629	478,157	358,881
Fire department	-	61,682	5,160	-	-	-	-
Public works	336,491	505,415	335,258	353,697	343,775	333,171	327,392
Parks and recreation	7,612	9,491	5,485	162,295	136,523	25,825	67,738
Total Governmental Activities	<u>\$ 996,728</u>	<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 SEVEN FISCAL YEARS

For The Years Ended March 31	Sales Tax	Property Taxes	Utility Taxes	Other	Total
2011	\$ 1,874,108	\$ 1,368,825	\$ 833,792	\$ 303,442	\$ 4,380,167
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 SEVEN FISCAL YEARS

For The Years Ended March 31	Regular Sales Tax (1)	Capital Improvement (2)	Parks (3)	Fire (4)	Total
2011	\$ 950,050	\$ 348,880	\$ 383,407	\$ 191,771	\$ 1,874,108
2010	986,739	304,262	355,055	178,282	1,824,338
2009	934,370	326,086	379,462	190,738	1,830,656
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>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>
City of Rock Hill	0.7190	0.7200	0.6770	0.6620	0.6670	0.6740	0.7530	0.8650	0.6730	0.3190
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	0.5230	0.5580	0.5580	0.5580	0.5580	0.5800	0.5800	0.5800	0.5800
St. Louis Community College	0.2179	0.2136	0.2013	0.2003	0.2233	0.2231	0.2368	0.2312	0.2320	0.2300
Special School District	0.9950	0.9384	0.9184	0.9084	0.8235	0.8399	0.9051	0.8640	0.8490	0.8350
Metro Zoo	0.2546	0.2493	0.2344	0.2330	0.2611	0.2654	0.2756	0.2260	0.2220	0.2220
Sheltered Workshop	0.0900	0.0740	0.0900	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	0.3550	0.3600	0.3600	0.3600	0.3290	0.3220
Metro Sewer District	0.0790	-	-	0.0667	0.0687	0.0686	0.0690	0.0690	0.0690	0.0690
Deer Creek Sewer	0.0830	-	-	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Anti Pollution	-	-	-	-	-	-	-	-	-	0.0200
Webster Groves School District	6.4710	4.8612	5.4529	5.4489	5.4559	5.4549	4.7759	4.7689	4.6440	4.6100

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

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

<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>
2010	\$ 88,896,240	\$ 11,528,496	\$ 931,327	\$ 101,356,063	0.719 *	\$ 445,521,156
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

(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 NINE YEARS AGO

Taxpayer	2010			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	\$ 3,195,200	1	3.15 %	-		- %
Market at McKnight (Novus)	2,117,760	2	2.09	-		-
Woodard Cleaning & Restoration Services	1,707,160	3	1.68			
Stanford Court Apartments, LLC	1,612,150	4	1.59	919,720	3	1.36
McKnight Development, LLC	1,536,860	5	1.52	-		-
Novus Holdings, LLC	1,229,440	6	1.21	-		-
American Water Company	1,155,040	7	1.14	-		-
Colonial Square Associates	1,089,120	8	1.07	-		-
AmerenUE	936,673	9	0.92	823,344	4	1.22
Rock Hill Partnership	888,960	10	0.88	758,400	5	1.12
Sayers Printing Co.	-		-	1,420,120	1	2.10
Landside/Rock Hill Group, LLC	-		-	1,269,470	2	1.88
GBC Enterprises, LLC			-	536,460	6	0.79
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>\$ 15,468,363</u>		<u>15.25 %</u>	<u>\$ 7,283,654</u>		<u>10.77 %</u>

(1) Source: St. Louis County Assessor

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

Fiscal Year	Tax Levy Year	Net Tax Levy (2)	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections (3)	Total Tax Collections	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes (4)	Outstanding Delinquent Taxes As Percent Of Levy
2011	2010	\$ 607,736	\$ 500,923	82.42 %	\$ 119,139	\$ 620,062	102.03 %	\$ 67,853	11.16 %
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

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

(2) Originally adjusted for strikeoffs 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, 2011

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			
2011	\$ 1,725,000	\$ 310,100	\$ 11,600,000	\$ -	\$ 27,543	\$ -	\$ 13,662,643	11.6 %	\$ 2,948
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

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)
2011	\$ 1,725,000	0.4 %	\$ 372
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

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 NINE FISCAL YEARS

TIF Revenue Bonds (1)								
For The	Sales Tax	Property Tax	Investment	Less	Net	Debt Service		Coverage (2)
Years Ended	Revenues	Revenues	Income	Operating	Available	Principal	Interest	
March 31				Expenditures	Revenues			
2011	\$ 35,868	\$ 126,600	\$ 10	\$ 2,946	\$ 159,532	\$ 63,100	\$ 75,141	115.40 %
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, 2011

<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	\$ 37,990,000	0.50 %	\$ 189,950
Webster Groves School District	61,863,775	17.00	10,516,842
	<u>99,853,775</u>		<u>10,706,792</u>
City direct debt	<u>1,725,000</u>	100.00 %	<u>1,725,000</u>
Total Direct And Overlapping Debt	<u><u>\$ 101,578,775</u></u>		<u><u>\$ 12,431,792</u></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					
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limit	\$ 10,135,606	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
Net debt applicable to limit	1,725,000	2,075,000	2,205,000	2,330,000	2,450,000	2,565,000	2,680,000	2,790,000	2,895,000	3,000,000
Legal Debt Margin	<u>\$ 8,410,606</u>	<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>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	17.02 %	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>
2011	4,635	\$ 47,869	\$ 117,886,104	\$ 25,803	4,248	9.4
2010	4,579	47,869	118,151,937	25,803	4,175	9.6
2009	4,609	47,869	118,926,027	25,803	4,192	8.6
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

(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	2011			2001			
	Employees	Rank	Percent Of Total City Employment	Employees	Rank	Percent Of Total City Employment	
Woodward Cleaning & Restoration, Inc.	165	1	4.0 %	NA	NA	NA	%
Hacienda Mexican Restaurant	102	2	2.4				
W. Schiller & Co., Inc.	72	3	1.7				
Millman Lumber Co.	59	4	1.4				
RSI Kitchen and Bath	57	5	1.4				
Stein Mart	45	6	1.1				
City of Rock Hill	31	7	0.7				
Bandana's BBQ	20	8	0.5				
Froesel Tire Service Company	25	9	0.6				
Walgreens	23	10	0.6				
	<u>599</u>		<u>14.4 %</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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government:										
Administration	3	3	3	3	3	4	4	4	4	5
Police department	10	10	10	10	10	10	10	13	16	16
Fire department	10	10	10	10	10	10	11	11	11	11
Public works	5	5	5	5	5	7	6	5	5	5
Parks and recreation	1	1	1	1	3	3	3	5	4	4
Housing department	1	1	1	1	1	1	1	-	1	1
Municipal court	1	1	2	2	2	2	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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police department:										
Average number of calls per month	497	477	443	422	462	NA	NA	NA	NA	NA
Average number of arrests per month	23	20	25	24	27	23	23	27	34	38
Number of crime incidences reported	532	420	540	568	612	625	715	823	797	850
Fire department:										
Average number of fire calls per month	84	76	74	64	78	70	71	63	58	47
Housing/building inspections:										
Number of permits:										
Building (decks, porches, roofs, garages)	25	22	25	6	3	NA	NA	NA	NA	NA
Driveways	6	12	8	10	3	20	NA	NA	NA	NA
Fences	20	17	18	22	3	NA	NA	NA	NA	NA
Residential	151	172	142	201	276	NA	NA	NA	NA	NA
Commercial	59	83	63	152	111	287	NA	NA	NA	NA
Cost of construction (1):										
Building (decks, porches, roofs, garages)	155,915	183,521	82,605	8,150	5,921	NA	NA	NA	NA	NA
Driveways	25,778	41,965	24,000	30,000	9,000	NA	NA	NA	NA	NA
Fences	49,486	28,538	27,000	33,000	4,500	NA	NA	NA	NA	NA
Residential	389,811	1,464,143	878,368	1,962,143	3,126,924	3,790,743	NA	NA	NA	NA
Commercial	651,143	1,799,744	1,672,746	2,259,882	9,523,704	9,970,704	NA	NA	NA	NA
Finance and administration:										
Business licenses issued (August 1)	65	64	55	60	67	65	NA	NA	NA	NA
Merchant licenses issued (August 1)	101	118	105	104	101	99	NA	NA	NA	NA
Liquor licenses issued (July 1)	16	15	15	18	15	14	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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Parks and recreation:										
Number of parks	7	7	7	7	7	7	7	7	6	5
Acres of parks	12	12	12	12	12	12	12	12	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	3	4	4	4	4	4	4	4	4
Police department:										
Vehicles	7	8	8	8	8	8	8	9	NA	NA
Public works:										
Vehicles	5	6	6	6	7	6	NA	5	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	87	88	88	88	88	88	87	87
Number of street lights	327	325	335	335	335	335	335	335	335	335
Housing/building inspector:										
Vehicles	1	1	2	1	1	1	1	2	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
Park/pre-school building	1	1	1	1	1	1	1	1	1	1
Other property (parcels)	3	3	3	8	8	8	3	3	3	3

Source: City records - various departments listed