

Comprehensive Annual Financial Report

For Fiscal Year Ended
March 31, 2014



Photo by Al Hayden

City of Rock Hill, Missouri



CITY OF ROCK HILL, MISSOURI

Comprehensive Annual Financial Report
For The Fiscal Year Ended March 31, 2014



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

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CITY OF ROCK HILL, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**City of
Rock Hill**

Introductory Section

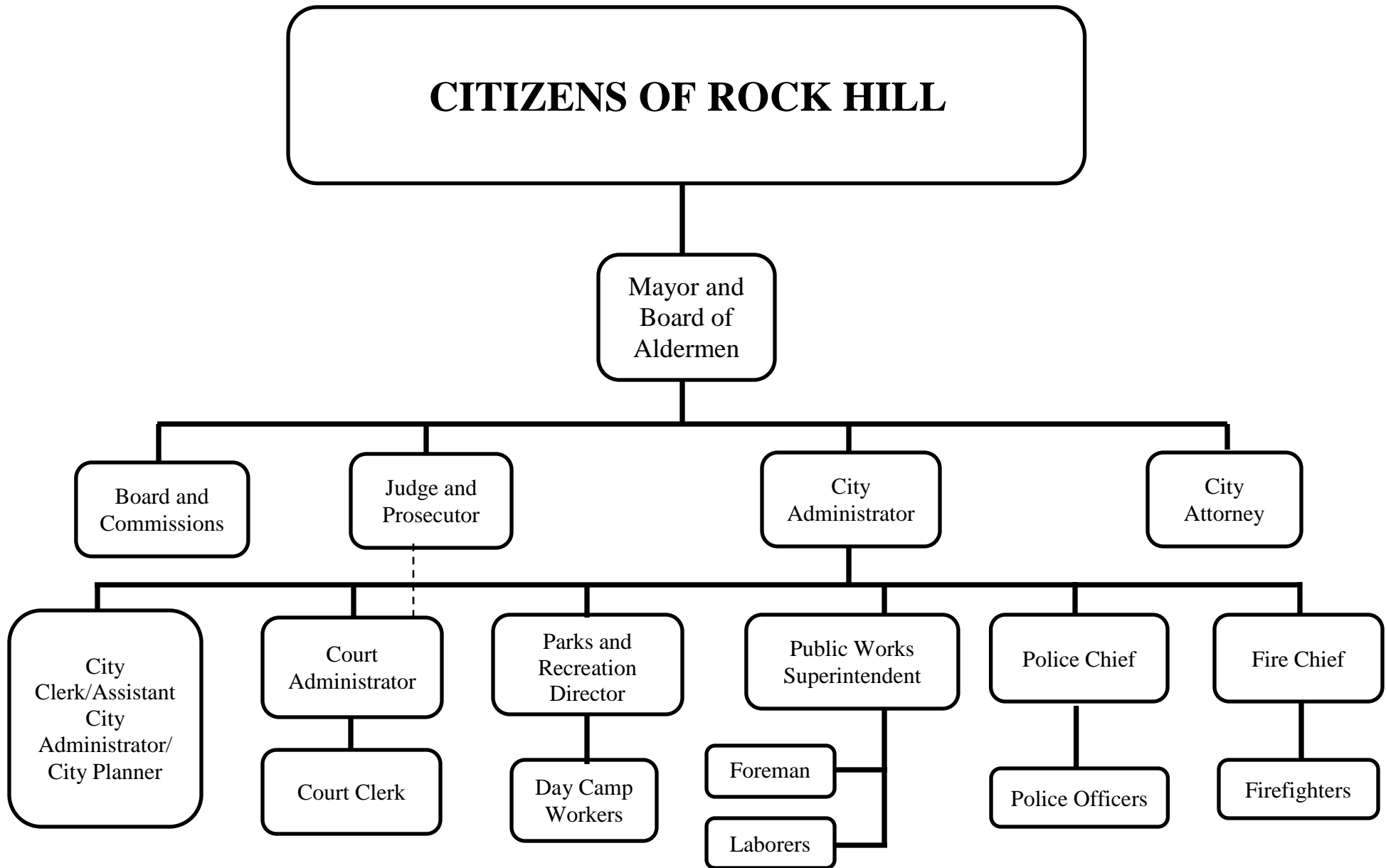
Elected Officials (As of Report Date)

<u>Position</u>	<u>Name</u>	<u>Term</u>
Mayor	Daniel DiPlacido	4/10 – 4/14
Alderman Ward 1	Philip Sherry	4/12 – 4/14
Alderman Ward 1	Edward Johnson	4/13 – 4/15
Alderman Ward 2	Edward Mahan	4/12 – 4/14
Alderwoman Ward 2	Chris Graber	4/13 – 4/15
Alderman Ward 3	Robert Weider	4/12 – 4/14
Alderwoman Ward 3	Mary Wofford	4/13 – 4/15

Appointed Officials and Department Heads

<u>Position</u>	<u>Name</u>
City Administrator	George Liyeos, CCM
Treasurer	Sandra Stephens
City Clerk/Assistant City Administrator	Jennifer Yackley
City Attorney	Paul Martin
City Prosecutor	Stephen Jianakoplos
Judge	Mark Levitt
Police Chief	Donald Wickenhauser
Fire Chief	Kevin Halloran
Court Administrator	Amy Perrin
Building Inspector	C. Cummings (Neil) Cantwell
Park and Recreation Director	Al Hayden
Public Works Superintendent	Ron Meyer

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





Government Finance Officers Association

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

Presented to

**City of Rock Hill
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

March 31, 2013

A handwritten signature in black ink, reading "Jeffrey R. Enew". The signature is written in a cursive, flowing style.

Executive Director/CEO

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CITY OF ROCK HILL

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

July 25, 2014

The Honorable Mayor Edward Mahan,
Members of the Board of Aldermen, and the
Citizens of the City of Rock Hill, Missouri

We hereby present this Comprehensive Annual Financial Report (CAFR) for fiscal year ended March 31, 2014, for the City of Rock Hill, Missouri (the City) for your review. This report was prepared using United States generally accepted accounting principles (GAAP) and audited in accordance with United States generally accepted auditing standards by an independent firm of licensed certified public accountants.

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

The City's financial statements have been audited by Fick, Eggemeyer & Williamson Certified Public Accountants PC, a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the year ended March 31, 2014, 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, 2014. 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 30 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 City Treasurer develops estimates of revenues for the upcoming fiscal year which are also incorporated into the proposed budget. The City Administrator, along with department heads, presents the proposed budget to the Mayor and Board of Aldermen who hold work sessions in addition to board meetings and adopt a budget by April 1. The budget is prepared by fund, department (e.g., police), and line item (e.g., office supplies). The City Administrator has authority to transfer funds between line items within individual departments. Transfers of funds between departments require the approval of the Board of Aldermen. Budget-to-actual comparisons are provided in this report for each individual fund for which an annual budget was adopted. For the General Fund, this comparison is presented as part of the financial statements for the governmental funds.

Factors Affecting Financial Condition

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

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

The City has a variety of housing within its borders. The majority of the housing was constructed post-World War II. 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 \$2,288,159. 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 taxes, utility taxes, and license, permits, fines and cost at 42%, 25%, and 22% of revenues, respectively. The Board of Aldermen have committed to developing a long-term financial plan in Fiscal Year 2015. The Board's intent is to have a comprehensive financial plan that will provide the City with a framework for sustainable service provision into the future.

The Board of Aldermen has approved two Tax Increment Financing (TIF) projects in the last fifteen years designed to improve sales tax revenues for the City. The first TIF is the McKnight Crossing development and was completed in 1999 with 40,000 square feet of retail and commercial space. December 1, 2012, the McKnight Crossing TIF revenue bonds were retired in full and the TIF district was terminated. The second TIF originally included 46 acres split north and south of Manchester Road west of the McKnight intersection. The project is being done in two phases. Phase one, Market at McKnight (SW TIF), has 127,300 square feet of retail space and was substantially completed in 2008. Market at McKnight is 80% leased with the newest tenants, Katie's Pizza & Pasta and Health from Within both opening in November 2013. Phase two (NW TIF) was delayed due to the economic downturn in late 2008. The phase two site was 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. In January 2013 the city began the process of amending the TIF area to accommodate the development of a CVS Pharmacy. The pharmacy was completed and opened in April 2014. 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. The 2013 summer construction season saw the completion of street reconstruction on Cyril, Euclid, Hazelgreen, Lone Oak and Mueck Terrace. The City work plan for 2014 includes Cottonwood, Hillcrest, Remington and Twinbrook. The City will also be partnering with Missouri Sewer District to do street repairs on Plainfield after sewer work is finished.

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

George Liyeos resigned as city administrator in May 2014. The Board of Alderman has completed a search that in July 2014 promoted Jennifer Yackley from within the organization.

Awards

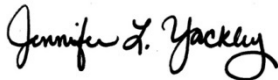
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended March 31, 2013. This was the fifth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated service of the City Treasurer. We would like to express our appreciation to all members of the various City departments who assisted in the preparation of this report. We would also like to thank our auditors, Fick, Eggemeyer & Williamson Certified Public Accountants PC, for their help in preparing this report. Credit also must be given to the Mayor and the Board of Aldermen for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Jennifer Yackley
City Administrator



Sandra Stephens
City Treasurer

**City of
Rock Hill**

Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Rock Hill, Missouri (the City), as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rock Hill, Missouri, as of March 31, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPA
Saint Louis, Missouri
July 25, 2014

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2014**

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, 2014. We encourage readers to consider the information presented here along with the City's financial statements, including footnotes that follow this Management Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the liabilities of the City exceeded its assets for the most recent fiscal year by \$12,337,957. The City has an unrestricted deficit of net position totaling \$19,918,801 primarily due to \$18,812,199 in Tax Increment Financing (TIF) notes outstanding and interest payable on these notes of \$2,221,981, at year-end for infrastructure assets not owned by the City.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,501,265.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$1,627,117.
- The City's total long-term debt decreased \$247,984 during the current fiscal year primarily due to normal debt service payments.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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, parks and recreation, housing, and judicial. The City does not operate any business-type activities.

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2014**

The government-wide financial statements can be found on pages 11 and 12 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, the governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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, 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 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 13 through 16 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds (which the City has none). The statement of fiduciary net position and statement of changes in fiduciary net position - Pension Trust Fund can be found on pages 17 and 18 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 38 of this report.

Required supplemental information. In addition to the basic financial statements and accompanying notes, certain required supplemental information can be found on pages 39 through 44 of this report.

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2014

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 45 through 52 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

The City's combined net position (deficiency) decreased to (\$12,337,957) from a deficit of (\$11,723,994) or (5.2) % in the most recent fiscal year.

The City's condensed statement of net position follows:

	March 31		2014 Change	
	2014	2013	Amount	Percent
ASSETS				
Current and other assets	\$ 5,768,618	\$ 6,351,090	\$ (582,472)	(9.2) %
Capital assets, net	8,704,472	7,897,798	806,674	10.2
Total Assets	14,473,090	14,248,888	224,202	1.6
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	86,630	97,573	(10,943)	(11.2)
LIABILITIES				
Current liabilities	2,435,666	1,470,122	965,544	65.7
Long-term liabilities	24,462,011	24,600,333	(138,322)	0.6
Total Liabilities	26,897,677	26,070,455	827,222	3.2
NET POSITION				
Net investment in capital assets	5,143,471	4,840,917	302,554	6.2
Restricted	2,437,373	2,209,690	227,683	(10.3)
Unrestricted (deficit)	(19,918,801)	(18,774,601)	(1,144,200)	(6.1)
Total Net Position	\$ (12,337,957)	\$ (11,723,994)	\$ (613,963)	(5.2) %

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2014**

A portion of the City's net position, \$5,143,471 in 2014, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$2,437,373 in 2014, represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, regulations or other governments, or restrictions imposed by law through constitutional provisions or legislation.

The remaining category of the City's net position represents a deficit unrestricted net position balance of \$19,918,801 in 2014. This deficit is primarily the result of the balance of \$18,812,199 in TIF notes outstanding and interest payable on these notes of \$2,221,981 at year-end for infrastructure assets not owned by the City. The TIF notes are limited obligations of the City and are funded only by incremental revenues generated within the TIF district.

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2014

Governmental activities. Governmental activities decreased the City's net position by \$613,963. Key elements of this are as follows:

	For The Years Ended March 31		2014 Change	
	2014	2013	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 782,313	\$ 918,592	\$ (136,279)	(14.8) %
Operating grants and contributions	333,694	273,754	59,940	21.9
Capital grants and contributions	117,479	403,918	(286,439)	(70.9)
Total Program Revenues	1,233,486	1,596,264	(362,778)	22.7
General Revenues:				
Taxes	4,105,532	3,960,764	144,768	3.7
Investment income	21,064	26,345	(5,281)	(20.0)
Other	24,130	19,850	4,280	21.6
Total Revenues	4,150,726	4,006,959	143,767	3.6
EXPENSES				
Administration	818,819	841,141	(22,322)	(2.7)
Fire department	1,075,281	970,839	104,442	10.7
Housing department	49,795	35,535	14,260	40.1
Municipal court	158,376	144,443	13,933	9.6
Parks and recreation	146,359	136,525	9,834	7.2
Police department	963,025	969,445	(6,420)	1.0
Public works	785,776	720,896	64,880	9.0
Economic development	-	25,982	(25,982)	(100.0)
Interest on long-term debt	2,000,744	1,527,335	473,409	31.0
Total Expenses	5,998,175	5,372,141	626,034	11.7
CHANGE IN NET POSITION	(613,963)	231,082	(845,045)	(365.7)
NET POSITION, APRIL 1	(11,723,994)	(11,955,076)	(231,082)	(1.9)
NET POSITION, MARCH 31	<u>\$ (12,337,957)</u>	<u>\$ (11,723,994)</u>	<u>\$ (613,963)</u>	(5.2) %

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2014**

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At March 31, 2014, the City's combined fund balance was \$5,501,265, a decrease of \$533,718 from 2013. 30% of the total amount (\$1,627,117) constitutes unassigned fund balance, which is available for spending at the City's discretion

During the year ended March 31, 2014, the fund balance in the City's General Fund increased by \$140,786 or 6.6% from the prior year fund balance.

The SW TIF Fund decreased by \$72,078 due to PILOT receipts reversal that was accrued in fiscal year 2013 and the associated debt service payment was delayed until May 2013.

The Street Bond Fund decreased by \$805,810 due to bond proceeds being expended for street improvements.

The Capital Projects Fund increased by \$179,599 due primarily to receipt of grant proceeds for completed eligible capital projects and the completion of Hazelgreen Drive, Lone Oak Drive and Cryil Drive coming in under budget.

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

The City also maintains a fiduciary fund for the assets of the uniformed personnel through the Uniformed Employee Pension Trust Fund. As of the end of the current fiscal year ending March 31, 2014, the net position of the Pension Trust Fund totaled \$2,011,439.

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City has invested, net of accumulated depreciation, \$8,704,472 at March 31, 2014 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 \$806,674. The City purchased capital assets totaling \$1,172,901 during the fiscal year ended March 31, 2014. The City's capital assets, net of accumulated depreciation, consisted of:

	March 31		2014 Change	
	2014	2013	Amount	Percent
Land	\$ 282,639	\$ 282,639	\$ -	0.0 %
Construction in progress	1,003,830	879,856	123,974	14.1
Buildings and improvements	361,818	437,710	(75,892)	(17.3)
Vehicles	379,056	438,498	(59,442)	(13.6)
Equipment	110,977	128,883	(17,906)	(13.9)
Infrastructure	6,566,152	5,730,212	835,940	14.6
Total	\$ 8,704,472	\$ 7,897,798	\$ 806,674	10.2 %

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		2014 Change	
	2014	2013	Amount	Percent
General obligation bonds	\$ 4,866,465	\$ 5,084,360	\$ (217,895)	(4.3) %
Tax increment revenue notes	18,812,199	18,812,199	-	0.0
Capital leases	40,060	78,044	(37,984)	(48.7)
Compensated absences	133,717	134,571	(854)	(0.6)
Total	\$ 23,852,441	\$ 24,109,174	\$ (256,733)	1.1 %

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 \$89,070 above the final budget of \$3,363,650 primarily due to increases sales taxes, merchant licenses and utility gross receipts. Expenditures were \$164,037 below the final budget of \$3,442,516 due to various decreases in expenditures.

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- For the fiscal year ended March 31, 2015, the City budgeted a decrease in revenues for the General Fund due to changes in accounting practices. The restricted Park and Stormwater Sales Tax revenues were budgeted in the newly created Park Fund.
- General Fund expenditures increased primarily due to transfer to the Park Fund of \$510,000. This is the projected amount of fund balance restricted for Parks and Stormwater at the time of budgeting.
- The existing Capital Improvement Fund was renamed (General Capital Improvement Fund) and a second capital fund was created (Infrastructure Capital Improvement Fund) to better account for the uses of restricted revenues. The General Capital Improvement Fund will account for the capital improvement sales tax revenues and provide for the general capital needs of the City. The Infrastructure Capital Improvement Fund will account for the restricted motor vehicle taxes, road and bridge, and grant revenues and provide funding for the City's continuing street improvements.
- With the last of the street bond proceeds being used, the 2011 Street Bond Fund has been renamed, Debt Service Fund. The new name better describes the continued function of the fund which is to service the debt on the two General Obligation Bonds issued for the street improvements.
- The Mayor and Board of Aldermen are working on a long-term financial plan. The intent is to adopt a long-term financial plan during the 2014-15 fiscal year. The City expects to receive the following benefits from the long-term financial plan: 1) Maintain stable tax rates for residents; 2) Balance budgets that allow for the timely funding of the Uniformed Employee Pension Fund; 3) Ensure City capital funds remain stable and able to provide the funding for continued street improvements and a fire station. 4) Financial flexibility; 5) Improved service planning for the residents; 6) Sustainable growth; and 7) Manage low or no revenue growth.
- The Board of Aldermen approved an amendment to the Sewer Lateral Program guidelines during the last fiscal year. The amendment addressed the lack of solvency in the fund. This change will result in an improved financial position for the fund.
- The liability for the Uniformed Employee Pension Fund continues to be an on-going issue. The City has not had sufficient funds to make the actuarially recommended payment for the last three years. The financial issues related to this pension fund will be addressed in the long-term financial plan discussed above.

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 POSITION
MARCH 31, 2014

	Governmental Activities
ASSETS:	
Cash and investments.....	\$ 5,097,167
Receivables, net:	
Property tax.....	125,289
Municipal taxes.....	416,442
Intergovernmental.....	39,498
Other.....	68,625
Prepaid items.....	21,597
Capital assets:	
Land and construction in progress.....	1,286,469
Other capital assets, net of accumulated depreciation.....	7,418,003
TOTAL ASSETS.....	\$ 14,473,090
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding.....	86,630
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	86,630
LIABILITIES:	
Accounts payable.....	130,583
Accrued payroll.....	64,650
Accrued interest.....	2,236,033
Plan deposits.....	4,400
Noncurrent liabilities:	
Due within one year.....	310,353
Due in more than one year.....	23,542,088
Due in more than one year - net pension obligation.....	609,570
TOTAL LIABILITIES.....	26,897,677
NET POSITION:	
Net investment in capital assets.....	5,143,471
Restricted for:	
Capital projects.....	579,639
Debt services.....	303,188
Law enforcement.....	3,868
Parks and stormwater.....	497,012
Police training.....	15,092
Sewer lateral.....	11,741
Tax increment financing.....	1,026,833
Unrestricted (deficit).....	\$ (19,918,801)
TOTAL NET POSITION.....	\$ (12,337,957)

CITY OF ROCK HILL, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) And Change In Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
Administration.....	\$ 818,819	\$ 231,516	\$ -	\$ -	\$ (587,303)
Fire department.....	1,075,281	-	-	700	(1,074,581)
Housing department.....	49,795	-	-	-	(49,795)
Municipal court.....	158,376	525,694	-	-	367,318
Parks and recreation.....	146,359	10,453	6,050	851	(129,005)
Police department.....	963,025	14,650	-	5,652	(942,723)
Public works.....	785,776	-	327,644	110,276	(347,856)
Interest on long-term debt.....	2,000,744				(2,000,744)
Total Governmental Activities.....	<u>\$ 5,998,175</u>	<u>782,313</u>	<u>333,694</u>	<u>117,479</u>	<u>(4,764,689)</u>
General Revenues					
Taxes:					
<u>Property taxes levied for:</u>					
General purposes.....					288,181
Debt service.....					368,761
<u>Sales tax levied for:</u>					
General purposes.....					872,310
Fire Protection.....					189,726
Capital Improvement.....					335,739
Park and stormwater.....					379,134
Cigarette taxes.....					22,705
Franchise fees.....					66,201
TIF revenues.....					771,889
Utility gross receipts.....					810,886
Investment income.....					21,064
Other revenues.....					24,130
Total General Revenues.....					<u>4,150,726</u>
CHANGE IN NET POSITION.....					(613,963)
NET POSITION, APRIL 1.....					(11,723,994)
NET POSITION, MARCH 31.....					<u>\$ (12,337,957)</u>

CITY OF ROCK HILL, MISSOURI
BALANCE SHEET-GOVERNMENTAL FUNDS
MARCH 31, 2014

	General Fund	SW TIF Fund	Street Bond Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and investments						
Held by trustee.....	\$ -	\$ 533,503	\$ -	\$ -	\$ -	\$ 533,503
Unrestricted.....	1,913,909	68,778	1,552,247	587,121	441,609	4,563,664
Receivables (net):						
Property tax.....	50,116	-	75,173	-	-	125,289
Municipal taxes.....	325,444	37,296	-	53,702	-	416,442
Intergovernmental.....	3,784	-	-	35,714	-	39,498
Other.....	20,748	-	-	46,529	1,348	68,625
Prepaid items.....	21,597	-	-	-	-	21,597
Advances to other funds.....	113,817	-	-	-	-	113,817
TOTAL ASSETS.....	2,449,415	639,577	1,627,420	723,066	442,957	5,882,435
LIABILITIES:						
Accounts payable.....	56,904	-	19,069	54,610	-	130,583
Accrued payroll.....	64,650	-	-	-	-	64,650
Plan deposits.....	4,400	-	-	-	-	4,400
Advances from other funds.....	-	-	-	88,817	25,000	113,817
Total Liabilities.....	125,954	-	19,069	143,427	25,000	313,450
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue-property taxes.....	16,762	-	32,418	-	-	49,180
Unavailable revenue-court receipts.....	18,540	-	-	-	-	18,540
Total Deferred Inflows of Resources.....	35,302	-	32,418	-	-	67,720
FUND BALANCES:						
Nonspendable:						
Long-term interfund advances.....	113,817	-	-	-	-	113,817
Prepaid items.....	21,597	-	-	-	-	21,597
Restricted for:						
Capital projects.....	-	-	1,272,745	579,639	-	1,852,384
Debt service.....	-	-	303,188	-	-	303,188
Parks and stormwater.....	497,012	-	-	-	-	497,012
Law enforcement.....	-	-	-	-	3,868	3,868
Police training.....	-	-	-	-	15,092	15,092
Sewer lateral.....	-	-	-	-	11,741	11,741
Tax increment financing.....	-	639,577	-	-	387,256	1,026,833
Assigned for:						
Subsequent year's budget.....	28,616	-	-	-	-	28,616
Unassigned.....	1,627,117	-	-	-	-	1,627,117
Total Fund Balances.....	2,288,159	639,577	1,575,933	579,639	417,957	5,501,265
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 2,449,415	\$ 639,577	\$ 1,627,420	\$ 723,066	\$ 442,957	\$ 5,882,435

CITY OF ROCK HILL, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
MARCH 31, 2014

Total Fund Balances - Governmental Funds..... \$ 5,501,265

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$10,766,632 and the accumulated depreciation is \$2,062,160..... 8,704,472

Net pension obligations are not financial resources and, therefore, are not reported in the governmental funds. (609,570)

Some revenues are not available soon enough to pay for current expenditures and are not reported as revenues in the governmental funds..... 67,720

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Accrued compensation absences.....	(133,717)
Accrued interest payable.....	(2,236,033)
Lease payable.....	(40,060)
Bonds payable.....	(4,770,000)
Tax increment financing notes.....	(18,812,199)
Deferred amount on refunding.....	86,630
Unamortized bond premium.....	(96,465)

Total Net Position of Governmental Activities..... \$ (12,337,957)

CITY OF ROCK HILL, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2014

	General Fund	SW TIF Fund	Street Bond Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property tax.....	\$ 290,167	\$376,433	\$ 368,029	\$ -	\$ 21,987	\$ 1,056,616
Gross receipts taxes.....	877,088	-	-	-	-	877,088
Sales tax.....	1,441,170	381,156	-	335,739	119	2,158,184
Licenses, permits, fines and fees....	772,181	-	-	-	-	772,181
Intergovernmental.....	22,705	-	-	273,091	-	295,796
Investment income.....	12,513	8	8,544	-	-	21,065
Miscellaneous.....	36,896	-	-	116,963	73,456	227,315
Total Revenues.....	<u>3,452,720</u>	<u>757,597</u>	<u>376,573</u>	<u>725,793</u>	<u>95,562</u>	<u>5,408,245</u>
EXPENDITURES						
Current:						
Administration.....	665,998	1,000	-	-	9,902	676,900
Fire department.....	867,379	-	-	-	-	867,379
Housing department.....	48,673	-	-	-	-	48,673
Municipal court.....	166,321	-	-	-	-	166,321
Parks and recreation.....	117,095	-	-	-	-	117,095
Police department.....	923,719	-	-	-	14,980	938,699
Public works.....	461,299	-	-	-	-	461,299
Capital outlay.....	27,995	-	797,616	513,036	71,895	1,410,542
Debt services:						
Principal.....	-	-	210,000	37,985	-	247,985
Interest and fiscal agent fees.....	-	828,675	174,767	3,989	-	1,007,431
Total Expenditures.....	<u>3,278,479</u>	<u>829,675</u>	<u>1,182,383</u>	<u>555,010</u>	<u>96,777</u>	<u>5,942,324</u>
REVENUES OVER(UNDER)						
EXPENDITURES.....	<u>174,241</u>	<u>(72,078)</u>	<u>(805,810)</u>	<u>170,783</u>	<u>(1,215)</u>	<u>(534,079)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in.....	-	-	-	8,455	25,000	33,455
Transfers out.....	(33,455)	-	-	-	-	(33,455)
Sale of capital assets.....	-	-	-	361	-	361
Total Other Financing Sources(Uses).....	<u>(33,455)</u>	<u>-</u>	<u>-</u>	<u>8,816</u>	<u>25,000</u>	<u>361</u>
NET CHANGE IN FUND BALANCE.....	<u>140,786</u>	<u>(72,078)</u>	<u>(805,810)</u>	<u>179,599</u>	<u>23,785</u>	<u>(533,718)</u>
FUND BALANCES, APRIL 1.....	<u>2,147,373</u>	<u>711,655</u>	<u>2,381,743</u>	<u>400,040</u>	<u>394,172</u>	<u>6,034,983</u>
FUND BALANCES, MARCH 31.....	<u><u>\$ 2,288,159</u></u>	<u><u>\$639,577</u></u>	<u><u>\$1,575,933</u></u>	<u><u>\$579,639</u></u>	<u><u>\$ 417,957</u></u>	<u><u>\$ 5,501,265</u></u>

CITY OF ROCK HILL, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2014

Net Change In Fund Balances - Governmental Funds.....	\$ (533,718)
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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 (\$1,172,901) exceeded depreciation (\$316,387) in the current period.....	856,514
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In the statement of activities, the gain(loss) on the disposition of capital assets is reported. The fund financial statements recognize only the proceeds from the sale of those assets.

Gain(loss) on disposal of capital assets.....	(49,840)
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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 position. This is the net effect of these differences in the treatment of long-term debt.

Repayments during the current year:

Bonds payable.....	210,000
Capital leases.....	37,984
Amortization of premiums on debt issuance.....	7,895
Amortization of deferred charges on refunding.....	(10,943)

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

Decrease in deferred revenues.....	(24,033)
------------------------------------	----------

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

Decrease in accrued compensated absences.....	854
Increase in accrued interest payable.....	(990,265)
Increase in net pension obligation.....	(118,411)

Change in Net Position of Governmental Activities.....	\$ (613,963)
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CITY OF ROCK HILL, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
MARCH 31, 2014

	Pension Trust Fund	Agency Fund
ASSETS		
Cash.....	\$ 125,000	8,192
Investments, at fair value:		
Mutual funds.....	1,805,374	-
Money market funds.....	80,232	-
Accrued interest and dividends.....	833	-
TOTAL ASSETS.....	2,011,439	8,192
LIABILITIES		
Deposits held for others.....	-	8,192
TOTAL LIABILITIES.....	-	8,192
NET POSITION		
Held in Trust for Pension Benefits.....	\$ 2,011,439	\$ -

CITY OF ROCK HILL, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Pension Trust Fund
ADDITIONS	
Investment income	
Interest and dividends.....	\$ 26,691
Net appreciation in fair value of investments.....	217,528
Total Investment Income.....	244,219
Employer contributions.....	125,000
Total Additions.....	369,219
DEDUCTIONS	
Benefits paid.....	247,847
Fees paid.....	1,464
Total Deductions.....	249,311
CHANGE IN NET POSITION.....	119,908
NET POSITION HELD IN TRUST FOR PENSION	
BENEFITS, APRIL 1.....	1,891,531
NET POSITION HELD IN TRUST FOR PENSION	
BENEFITS, MARCH 31.....	\$ 2,011,439

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

2. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following major governmental funds:

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

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.

Capital Projects Fund – The Capital Projects Fund is used to account for revenues derived from capital improvement sales taxes, motor vehicle taxes, road and bridge taxes, grants 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 (Court Bond) is used to account for assets held by the City for court appearance bonds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of income.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

4. Cash and Investments

The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and court fines and cost. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Capital Assets

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

7. Compensated Absences

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

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

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

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Long-term Obligations

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

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

9. Property Taxes

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

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

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

10. Allowance

Taxes and bonds receivable are shown net of an allowance for uncollectible accounts of \$21,097.

11. Advances and Due To/From Other Funds

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. 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.

13. Use of Estimates

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

14. Fund Balance Policies

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

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

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

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

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

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

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

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Net Position

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

NOTE B – CASH AND INVESTMENTS

1. Deposits

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

As of March 31, 2014, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of March 31, 2014, the City held the following investments:

Investments	Fair Value	No Maturity	Maturities		Credit Risk
			Less Than One Year	1 – 5 Years	
Primary Government					
Money market funds	\$1,646,708	\$1,646,708	\$ -	\$ -	Not rated
Fiduciary Funds					
Mutual funds	1,876,454	1,876,454	-	-	N/A
Money market funds	9,152	9,152	-	-	Not rated
Total Fiduciary Funds					
Investments	1,885,606	1,885,606	-	-	
Total Investments	\$3,532,314	\$3,532,314	\$ -	\$ -	

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE B – CASH AND INVESTMENTS (Continued)

3. Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy states that they minimize credit risk by prequalifying the financial institutions, brokers/dealers, and advisors with which the City will do business and diversifying the portfolio to reduce potential losses on individual securities.

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

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, 2014			
	Balance March 31, 2013	Additions	Deletions	Balance March 31, 2014
Capital assets not being depreciated:				
Land	\$ 282,639	\$ -	\$ -	\$ 282,639
Construction in progress	879,856	830,231	706,257	1,003,830
Total Capital Assets Not Being Depreciated	1,162,495	830,231	706,257	1,286,469
Capital assets being depreciated:				
Buildings and improvements	640,448	-	64,312	576,136
Vehicles	1,166,045	39,812	9,448	1,196,409
Equipment	308,990	-	-	308,990
Infrastructure	6,389,513	1,009,115	-	7,398,628
Total Capital Assets Being Depreciated	8,504,996	1,048,927	73,760	9,480,163
Less-Accumulated depreciation for:				
Buildings and improvements	202,738	26,052	14,472	214,318
Vehicles	727,547	99,254	9,448	817,353
Equipment	180,107	17,906	-	198,013
Infrastructure	659,301	173,175	-	832,476
Total Accumulated Depreciation	1,769,693	316,387	23,920	2,062,160
Total Capital Assets Being Depreciated, Net	6,735,303	732,540	49,840	7,418,003
Capital Assets, Net	\$ 7,897,798	\$ 1,562,771	\$ 756,097	\$ 8,704,472

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE C – CAPITAL ASSETS (Continued)

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

	For The Year Ended March 31, 2014
Administration	\$ 13,763
Fire department	68,214
Parks department	17,508
Police department	14,802
Public works	<u>202,100</u>
Total	<u>\$ 316,387</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 3.9% (general), 11.2% (police), and 11.7% (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
MARCH 31, 2014

NOTE D – EMPLOYEE RETIREMENT SYSTEMS (Continued)

Missouri Local Government Employees Retirement System (Continued)

3. Annual Pension Cost (APC)

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

Annual required contribution	\$ 129,790
Interest on NPO	-
Adjustment to annual required contribution	-
Annual Pension Cost	129,790
Actual contributions	129,790
Increase in NPO	-
NPO, beginning of year	-
NPO, end of year	-

The annual required contribution was determined as part of the February 28, 2011 and February 28, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 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 the open basis. The amortization period as of February 28, 2011 was 9 years for the General division, 27 years for the Police division and 26 years for the Fire division. The amortization period as of February 29, 2012 was 14 years for the General division, 26 years for the Police division and 25 years for the Fire division.

Three-year Trend Information

For the Years Ended March 31	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 129,790	100.0%	\$ -
2012	133,078	100.0	-
2011	118,037	100.0	-

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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)	Unfunded AAL
2013	\$ 1,913,522	\$ 2,079,715	\$ 166,193
2012	1,662,316	1,892,187	229,871
2011	1,404,404	1,684,210	279,806

For The Actuarial Valuation Years Ended February 28/29	Funded Ratio	Annual Covered Payroll	Unfunded AAL As A Percentage of Covered Payroll
2013	92.0%	\$ 1,506,118	11.0%
2012	87.9	1,524,245	15.1
2011	83.4	1,604,909	17.4

Note: The above assets and actuarial accrued liability 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, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

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.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE D – EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Plan Description (Continued)

As of May 1, 2012 (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% of 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.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE D – EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The City uses the aggregate actuarial funding method for determining contributions. This actuarial method does not directly calculate the AAL. The purpose of presenting the AAL 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:

Pension Plan			
Valuation For The Actuarial Years Ended May 1	Actuarial Value of Assets	Entry Age AAL	Unfunded AAL (UAAL)
2013*	N/A	N/A	N/A
2012	\$ 1,746,542	\$ 3,505,143	\$ 1,758,601
2011*	N/A	N/A	N/A

Valuation For The Actuarial Years Ended May 1	Funded Ratio	Annual Covered Payroll	UAAL As A Percentage of Covered Payroll
2013*	N/A	N/A	N/A
2012	49.8%	\$ 530,109	331.7%
2011*	N/A	N/A	N/A

Schedule of Contributions			
For The Years Ended April 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2013*	\$ 251,551	\$ 125,000	50.0%
2012	251,551	210,325	83.6%
2011*	293,522	213,226	72.6%

*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.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE D – EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Additional information as of the latest actuarial valuation follows:

Valuation date	May 1, 2012
Actuarial cost method	Level Dollar Aggregate Funding Method
Amortization method	Not Applicable
Asset valuation method	Fair Value
Investment rate of return	6%
Projected salary increase	0%
Pre-retirement mortality	IRS Combined Static Mortality Table
Inflation rate	0%
Post-retirement benefit increase	0%

3. Annual Pension Cost

Annual pension costs for the Plan are shown in the trend information. The City had a net pension obligation of \$609,570 for the actuarial year ended March 31, 2014.

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 March 31	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2014	\$ 243,411	51.4%	609,570
2013	244,754	85.9%	491,159
2012	289,585	74.7%	456,730

Valuation For The Actuarial Years Ended March 31	Annual Required Contribution	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
2014	\$ 251,551	(37,610)	29,470	243,411	(125,000)	118,411	609,570
2013	251,551	(34,201)	27,404	244,754	(210,325)	34,429	491,159
2012	293,522	(26,942)	23,005	289,585	(213,226)	73,316	456,730

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE E – RISK MANAGEMENT

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

The City is a member of the St. Louis Area Insurance Trust (SLAIT), which is a not-for-profit, self-insurance risk pool formed by various St. Louis County municipalities to cover worker's compensation, health insurance, and general liability matters. The purpose of this trust is to distribute the cost of self-insurance over similar entities. In addition to insurance protection, the program provides risk management services with emphasis in loss control, claims administration, and management information services. SLAIT is fully funded by its member participants and employs an outside service company to process all claims.

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

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

NOTE F – COMMITMENTS AND CONTINGENCIES

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

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

NOTE G – LONG-TERM DEBT

Long-term debt consists of the following:

General Obligation Bonds

	March 31 2014
Series 2011 general obligation bonds of \$3,500,000 used for street improvements, due in annual installments through March 1, 2031, interest payable at 2% to 4.5%.	<u>\$3,365,000</u>
Series 2010 general obligation bonds of \$1,750,000 used for advance refunding of the 2002 issue for street improvements, due in annual installments through March 1, 2022, interest payable at 1% to 4%.	<u>1,405,000</u>
Total General Obligation Bonds	<u><u>\$4,770,000</u></u>

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE G – LONG-TERM DEBT (Continued)

Debt Service requirements for the bonds are as follows:

For The Years Ended March 31	General Obligation Bonds		
	Principal	Interest	Total
2015	\$ 215,000	\$ 170,134	\$ 385,134
2016	220,000	165,834	385,834
2017	225,000	159,034	384,034
2018	230,000	153,659	383,659
2019	240,000	147,609	387,609
2020-2024	1,325,000	609,319	1,934,319
2025-2029	1,585,000	361,238	1,946,238
2030-2031	730,000	49,725	779,725
Total	<u>\$ 4,770,000</u>	<u>\$ 1,816,552</u>	<u>\$ 6,586,552</u>

Tax Increment Revenue Notes

During 2011, the City issued \$19,112,595 of Tax Increment Revenue Notes, Series 2011, to refund the Tax Increment Revenue Notes, Series 2006, which were used to pay for a portion of the redevelopment project costs in connection with the “NW/SW Redevelopment Project – RPA1”, to pay accrued interest on the 2006 notes, and for eligible transportation project costs. 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 \$19,112,595.

	For the Year Ended March 31, 2014			Amounts Due Within One Year
	Balance March 31 2013	Additions	Reductions	
General Obligation bonds	\$ 4,980,000	\$ -	\$ 210,000	\$ 4,770,000
Plus – Premium	104,360	-	7,895	96,465
Tax increment revenue notes	18,812,199	-	-	18,812,199
Capital leases	78,044	-	37,984	40,060
Compensated absences	134,571	96,689	97,543	133,717
Total	<u>\$24,109,174</u>	<u>\$ 96,689</u>	<u>\$ 353,422</u>	<u>\$23,852,441</u>

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE G – LONG-TERM DEBT (Continued)

The general obligation bonds are to be liquidated by the Street Bond Fund. The tax increment revenue notes are to be liquidated by the SW 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.

NOTE H – LEASE OBLIGATIONS

1. Capital Leases

The City entered into lease agreements for the acquisition of two police cars, a fire command vehicle, and a backhoe. 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 leases are as follows:

	<u>March 31</u> <u>2014</u>
Vehicles	\$144,442
Less – Accumulated depreciation	<u>86,664</u>
Net Book Value	<u><u>\$ 57,778</u></u>

A schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of March 31, 2014 are as follows:

<u>For The Years</u> <u>Ended March 31</u>	<u>Amount</u>
2015	\$ 15,846
2016	17,275
2017	<u>8,637</u>
	41,758
Less – Amount representing interest	<u>1,698</u>
Present Value of Minimum Lease Payments	<u><u>\$ 40,060</u></u>

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE H – LEASE OBLIGATIONS (Continued)

2. Operating Leases

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

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

<u>For The Years Ended March 31</u>	<u>Amount</u>
2015	\$ 53,372
2016	59,347
2017	60,562
2018	61,778
2019	10,330
	<u>\$ 245,389</u>

Lease expenditures for the fiscal year ended March 31, 2014 were \$114,868.

NOTE I – INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities balances are as follows:

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>March 31 2014</u>
General Fund	Capital Projects Fund	\$ 88,817
General Fund	Sewer Lateral Fund	25,000
Total Advances		<u>\$ 113,817</u>

The first amount payable to the General Fund relates to a loan to the Capital Projects Fund to help finance the acquisition of a fire truck. The balance will be repaid in annual installments through the fiscal year ending March 31, 2018. The second amount payable to the General fund relates to a loan to the Sewer Lateral Fund to stabilize the fund, and sewer lateral receipts are to be received in the fiscal year ending March 31, 2015.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE J – UNRESTRICTED NET POSITION DEFICIT

The government-wide statement of net position reflects an unrestricted net position deficit of (\$19,918,801). This total is comprised of \$1,115,379 in unrestricted net position from operations and an unrestricted net position deficit resulting from the issuance of tax increment revenue notes in the amount of \$18,812,199 and interest payable on these notes of \$2,221,981, which is for development not owned by the City.

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

NOTE K – RESTRICTED NET POSITION

The government-wide statement of net position reports \$2,437,373 of restricted net position, of which 100% is restricted by enabling legislation.

NOTE L – TAX INCREMENT REVENUES PLEDGED

The City has pledged a portion of future tax revenues to repay tax increment revenue notes issued to finance certain improvements in the City. The 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 notes. Total principal remaining on the notes is reported in Note G. For the current year, interest paid excluding total incremental tax revenues was \$828,675.

NOTE M – MUNICIPAL COURT TRAFFIC VIOLATIONS FINES AND COSTS

Missouri House Bill No. 103 amending RSMo Section 302.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations. The City was not required to and did not account for the fines and court cost for traffic violations separately from the total fines and court costs prior to August 28, 2013. Therefore, the City cannot provide the percent related specifically to traffic violations for the entire fiscal year ending March 31, 2014. Total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$540,665. "Annual general operating revenue of the City" is not defined in the amended statute and may or may not include various sources of the City's revenues. The City is defining "annual general operating revenues of the City" as "Total General Fund Revenues" excluding "General Fund Other Financing Sources (Uses)."

Total court fines and costs (all case types).....	\$ 540,665
Total general operating revenue of the City.....	<u>3,452,720</u>
Court fines and costs as a percentage of total general operating revenue of the City.....	<u>15.66%</u>

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE N – FEDERAL FORFEITURE ACTIVITY

For the year ended March 31, 2014, the City had a beginning balance of \$8,034, no revenues, and expenditures of \$4,166, for an ending balance of \$3,868 in the Asset Forfeiture Fund.

NOTE O – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 25, 2014, the date which the financial statements were available for issue and there are no events to note.

NOTE P – FUTURE ACCOUNTING PRONOUNCEMENTS

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

In June 2013, the GASB issued Statement No. 67, “Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25.” This Statement replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trust or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013.

In June 2013, the GASB issued Statement No. 68, “Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27.” This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

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

**REQUIRED SUPPLEMENTARY
INFORMATION – BUDGETARY
COMPARISON INFORMATION**

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CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION-SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Property tax.....	\$ 310,000	\$ 310,000	\$ 290,167	\$ (19,833)
Gross Receipt Taxes:				
Cable television.....	67,000	67,000	66,201	(799)
Electric.....	327,600	327,600	340,232	12,632
Gas.....	150,000	150,000	195,571	45,571
Telephone.....	225,000	225,000	211,514	(13,486)
Water.....	57,000	57,000	63,570	6,570
Total Gross Receipts Taxes.....	826,600	826,600	877,088	50,488
Sales Tax:				
County sales tax.....	846,000	846,000	872,310	26,310
Fire sales tax.....	178,000	178,000	189,726	11,726
Parks/stormwater sales tax.....	356,000	356,000	379,134	23,134
Total Sales Tax.....	1,380,000	1,380,000	1,441,170	61,170
Licenses, permits, fines and fees:				
Auto personal property.....	13,300	13,300	13,519	219
Building permits.....	15,000	15,000	16,964	1,964
Liquor.....	8,400	8,400	8,750	350
Merchants' licenses.....	155,300	155,300	192,283	36,983
Fines and court costs.....	600,000	600,000	540,665	(59,335)
Total Licenses and Permits.....	792,000	792,000	772,181	(19,819)
Intergovernmental:				
Cigarette tax.....	22,705	22,705	22,705	-
Investment Income.....	10,000	10,000	12,513	2,513
Miscellaneous:				
Grant income.....	1,750	1,750	1,551	(199)
Parks and recreation.....	8,500	8,500	9,353	853
Fall Festival.....	7,145	7,145	7,150	5
Miscellaneous.....	4,950	4,950	18,842	13,892
Total Miscellaneous.....	22,345	22,345	36,896	14,551
Total Revenues.....	3,363,650	3,363,650	3,452,720	89,070

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION-SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
EXPENDITURES				
Current:				
Administration:				
Personnel services.....	285,876	410,876	408,639	(2,237)
Contracted services.....	134,730	134,730	133,939	(791)
Operating expenditures.....	130,620	130,620	123,420	(7,200)
Capital outlay.....	2,000	2,000	3,243	1,243
Total Administration.....	553,226	678,226	669,241	(8,985)
Fire Department:				
Personnel services.....	794,265	794,265	783,664	(10,601)
Contracted services.....	65,430	75,430	66,085	(9,345)
Operating expenditures.....	15,325	15,325	17,630	2,305
Capital outlay.....	1,000	1,000	12,388	11,388
Total Fire Department.....	876,020	886,020	879,767	(6,253)
Housing Department:				
Personnel services.....	48,349	48,349	36,740	(11,609)
Contracted services.....	25,290	25,290	11,152	(14,138)
Operating expenditures.....	1,835	1,835	781	(1,054)
Capital outlay.....	125	125	124	(1)
Total Housing.....	75,599	75,599	48,797	(26,802)
Municipal Court:				
Personnel services.....	138,116	138,116	141,149	3,033
Contracted services.....	28,840	28,840	20,945	(7,895)
Operating expenditures.....	5,050	5,050	4,227	(823)
Capital outlay.....	500	500	-	(500)
Total Municipal Court.....	172,506	172,506	166,321	(6,185)
Parks and Recreation:				
Personnel services.....	106,856	106,856	99,014	(7,842)
Contracted services.....	847	847	519	(328)
Operating expenditures.....	22,100	22,100	17,562	(4,538)
Capital outlay.....	125	125	970	845
Total Parks and Recreation.....	129,928	129,928	118,065	(11,863)

(Continued)

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION-SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
Police Department:				
Personnel services.....	827,061	827,061	800,394	(26,667)
Contracted services.....	114,230	114,230	114,262	32
Operating expenditures.....	9,350	9,350	9,063	(287)
Capital outlay.....	355	355	4,895	4,540
Total Police Department.....	950,996	950,996	928,614	(22,382)
Public Works				
Personnel services.....	363,113	363,113	286,024	(77,089)
Contracted services.....	114,725	114,725	137,009	22,284
Operating expenditures.....	65,403	65,403	38,266	(27,137)
Capital outlay.....	6,000	6,000	6,375	375
Total Public Works.....	549,241	549,241	467,674	(81,567)
Total Expenditures.....	3,307,516	3,442,516	3,278,479	(164,037)
REVENUES OVER(UNDER)				
EXPENDITURES.....	<u>56,134</u>	<u>(78,866)</u>	<u>174,241</u>	<u>253,107</u>
OTHER FINANCING SOURCES				
(USES)				
Transfer out	<u>(10,500)</u>	<u>(35,500)</u>	<u>(33,455)</u>	<u>(2,045)</u>
Total Other Financing Sources (Uses).....	<u>(10,500)</u>	<u>(35,500)</u>	<u>(33,455)</u>	<u>(2,045)</u>
NET CHANGE IN FUND BALANCE.....	<u>\$ 45,634</u>	<u>\$ (114,366)</u>	140,786	<u>\$ 251,062</u>
FUND BALANCE, APRIL 1.....			<u>2,147,373</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 2,288,159</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION-SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-SW TIF FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Property tax.....	\$ 390,000	\$ 390,000	\$ 376,433	\$ (13,567)
Sales Tax.....	215,000	215,000	214,872	(128)
TDD Sales Tax.....	-	166,285	166,284	(1)
Investment Income.....	-	-	8	8
Total Revenues.....	<u>605,000</u>	<u>771,285</u>	<u>757,597</u>	<u>(13,688)</u>
EXPENDITURES				
Current:				
Administration.....	-	-	1,000	1,000
Debt service:				
Interest.....	<u>605,000</u>	<u>828,675</u>	<u>828,675</u>	<u>-</u>
Total Expenditures.....	<u>605,000</u>	<u>828,675</u>	<u>829,675</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCE.....	<u><u>\$ -</u></u>	<u><u>\$ (57,390)</u></u>	<u>(72,078)</u>	<u><u>\$ (14,688)</u></u>
FUND BALANCE, APRIL 1.....			<u>711,655</u>	
FUND BALANCE, MARCH 31.....			<u><u>\$ 639,577</u></u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION-SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-STREET BOND FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Property tax.....	\$ 300,000	\$ 300,000	\$ 368,029	\$ 68,029
Investment Income.....	13,000	13,000	8,544	(4,456)
Miscellaneous.....	500	500	-	(500)
Total Revenues.....	<u>313,500</u>	<u>313,500</u>	<u>376,573</u>	<u>63,073</u>
EXPENDITURES				
Current:				
Capital outlay.....	1,478,000	1,478,000	797,616	(680,384)
Debt service:				
Principal.....	210,000	210,000	210,000	-
Interest and fiscal charges.....	174,334	174,334	174,767	433
Total Expenditures.....	<u>1,862,334</u>	<u>1,862,334</u>	<u>1,182,383</u>	<u>(679,951)</u>
NET CHANGE IN FUND BALANCE.....	<u><u>\$ (1,548,834)</u></u>	<u><u>\$ (1,548,834)</u></u>	<u>(805,810)</u>	<u><u>\$ 743,024</u></u>
FUND BALANCE, APRIL 1.....			<u>2,381,743</u>	
FUND BALANCE, MARCH 31.....			<u><u>\$ 1,575,933</u></u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION – NOTES TO
SCHEDULE OF REVENUES, EXPNEDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2014

1. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data:

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

2. Legal Compliance – Budgets

The following is a listing of expenditures at the legal level control which exceeded budget appropriations:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
SW TIF FUND:			
Administration.....	\$ -	\$ 1,000	\$ 1,000

The expenditures over budget were financed by the SW TIF beginning fund balance.

**OTHER SUPPLEMENTARY
INFORMATION**

NON-MAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

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

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

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

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

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

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION-COMBINING
BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2014

	Special Revenue Funds				
	Police Training Fund	Asset Forfeiture Fund	Sewer Lateral Fund	NW TIF Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments.....	\$ 15,092	\$ 3,868	\$ 35,393	\$ 387,256	\$ 441,609
Receivables (net):					
Other receivables.....	-	-	1,348	-	1,348
TOTAL ASSETS.....	\$ 15,092	\$ 3,868	\$ 36,741	\$ 387,256	\$ 442,957
Liabilities					
Advances from other funds.....	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
Total Liabilities.....	-	-	25,000	-	25,000
Fund Balances					
Restricted for:					
Law enforcement.....	-	3,868	-	-	3,868
Police training.....	15,092	-	-	-	15,092
Sewer lateral.....	-	-	11,741	-	11,741
Tax increment financing.....	-	-	-	387,256	387,256
Total Fund Balances	15,092	3,868	11,741	387,256	417,957
TOTAL LIABILITIES					
FUND BALANCES.....	\$ 15,092	\$ 3,868	\$ 36,741	\$ 387,256	\$ 442,957

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, 2014

	Special Revenue Funds				
	Police Training Fund	Asset Forfeiture Fund	Sewer Lateral Fund	NW TIF Fund	Total Governmental Funds
REVENUES					
Property tax.....	\$ -	\$ -	\$ -	\$ 21,987	\$ 21,987
Sales tax.....	-	-	-	119	119
Miscellaneous.....	13,683	-	54,553	5,220	73,456
Total Revenues.....	13,683	-	54,553	27,326	95,562
EXPENDITURES					
Current:					
Administration.....	-	-	-	9,902	9,902
Police department.....	10,814	4,166	-	-	14,980
Capital outlay.....	-	-	71,895	-	71,895
Total Expenditures.....	10,814	4,166	71,895	9,902	96,777
REVENUES OVER(UNDER)					
EXPENDITURES	2,869	(4,166)	(17,342)	17,424	(1,215)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	-	-	25,000	-	25,000
Total Other Financing Sources (Uses).....	-	-	25,000	-	25,000
NET CHANGE IN FUND BALANCES.....	2,869	(4,166)	7,658	17,424	23,785
FUND BALANCES, APRIL 1.....	12,223	8,034	4,083	369,832	394,172
FUND BALANCES, MARCH 31.....	<u>\$ 15,092</u>	<u>\$ 3,868</u>	<u>\$ 11,741</u>	<u>\$ 387,256</u>	<u>\$ 417,957</u>

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION-SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-POLICE TRAINING FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Miscellaneous.....	\$ 15,000	\$ 15,000	\$ 13,683	\$ (1,317)
EXPENDITURES				
Current:				
Police department.....	17,465	17,465	10,814	(6,651)
NET CHANGE IN FUND BALANCE.....	<u>\$ (2,465)</u>	<u>\$ (2,465)</u>	2,869	<u>\$ 5,334</u>
FUND BALANCE, APRIL 1.....			<u>12,223</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 15,092</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION-SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-ASSET FORFEITURE FUND
FOR THE YEAR ENDED MARCH 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Licenses, permits, fines and fees.....	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Police department.....	-	4,167	4,166	(1)
NET CHANGE IN FUND BALANCE.....	<u>\$ -</u>	<u>\$ (4,167)</u>	(4,166)	<u>\$ 1</u>
FUND BALANCE, APRIL 1.....			<u>8,034</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 3,868</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION-SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-SEWER LATERAL FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Miscellaneous.....	\$ 53,000	\$ 53,000	\$ 54,553	\$ 1,553
EXPENDITURES				
Current:				
Capital Outlay.....	50,000	71,900	71,895	(5)
REVENUES OVER(UNDER)				
EXPENDITURES.....	<u>3,000</u>	<u>(18,900)</u>	<u>(17,342)</u>	<u>1,558</u>
OTHER FINANCING SOURCES (USES)				
Transfer in.....	-	25,000	25,000	-
Total Other Financing Sources (Uses).....	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE.....	<u>\$ 3,000</u>	<u>\$ 6,100</u>	7,658	<u>\$ 1,558</u>
FUND BALANCE, APRIL 1.....			<u>4,083</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 11,741</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION-SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-NW TIF FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Property tax.....	\$ 40,000	\$ 40,000	\$ 21,987	\$ (18,013)
Sales Tax.....	1,000	1,000	119	(881)
Miscellaneous Income.....	-	5,220	5,220	-
Total Revenues.....	<u>41,000</u>	<u>46,220</u>	<u>27,326</u>	<u>(18,894)</u>
EXPENDITURES				
Current:				
Administration.....	<u>41,000</u>	<u>50,903</u>	<u>9,902</u>	<u>(41,001)</u>
Total Expenditures.....	<u>41,000</u>	<u>50,903</u>	<u>9,902</u>	<u>(41,001)</u>
NET CHANGE IN FUND BALANCE.....	<u>\$ -</u>	<u>\$ (4,683)</u>	17,424	<u>\$ 22,107</u>
FUND BALANCE, APRIL 1.....			<u>369,832</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 387,256</u>	

CITY OF ROCK HILL, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION-SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-CAPITAL PROJECTS FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Sales tax - capital improvement.....	\$ 314,000	\$ 314,000	\$ 335,739	\$ 21,739
Intergovernmental:				
Gasoline tax.....	125,000	125,000	117,872	(7,128)
Motor vehicle tax.....	50,000	50,000	51,884	1,884
Road and bridge.....	95,000	95,000	103,335	8,335
Grant income.....	502,000	502,000	115,928	(386,072)
Miscellaneous revenue.....	-	-	1,035	1,035
Total Revenues.....	<u>1,086,000</u>	<u>1,086,000</u>	<u>725,793</u>	<u>(360,207)</u>
EXPENDITURES				
Capital outlay.....	981,603	1,042,284	513,036	(529,248)
Debt Service:				
Principal.....	37,984	37,984	37,985	1
Interest.....	2,548	2,548	3,989	1,441
Total Expenditures.....	<u>1,022,135</u>	<u>1,082,816</u>	<u>555,010</u>	<u>(527,806)</u>
REVENUES OVER(UNDER)				
EXPENDITURES.....	<u>63,865</u>	<u>3,184</u>	<u>170,783</u>	<u>167,599</u>
OTHER FINANCING SOURCES (USES)				
Transfer in.....	10,500	10,500	8,455	(2,045)
Sale of capital assets.....	5,000	5,000	361	(4,639)
Total Other Financing Sources (Uses).....	<u>15,500</u>	<u>15,500</u>	<u>8,816</u>	<u>(6,684)</u>
NET CHANGE IN FUND BALANCE.....	<u>\$ 79,365</u>	<u>\$ 18,684</u>	<u>179,599</u>	<u>\$ 160,915</u>
FUND BALANCE, APRIL 1.....			<u>400,040</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 579,639</u>	

CITY OF ROCK HILL, MISSOURI
OTHER SUPPLEMENTAL INFORMATION-STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES-AGENCY FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Balance March 31, 2013	Additions	Deductions	Balance March 31, 2014
COURT BONDS				
ASSETS				
Cash - restricted.....	\$ 11,775	\$ 35,056	\$ 38,639	\$ 8,192
Liabilities				
Deposits payable.....	\$ 11,775	\$ 37,659	\$ 41,242	\$ 8,192

**City of
Rock Hill**

Statistical Section

CITY OF ROCK HILL, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

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

Contents	Page
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.	53
Revenue Capacity These schedules contain to help the reader assess the City's most significant local revenue sources.	60
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.	65
Demographic and Economic These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	70
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.	72

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

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

	For The Years Ended March 31									
	2014	2013	2012 Restated	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
Net investment in capital assets.....	\$ 5,143,471	4,840,917	4,208,402	2,457,784	2,054,591	1,225,261	1,736,653	936,930	789,170	(1,063,327)
Restricted.....	2,437,373	2,209,690	5,196,270	1,623,477	1,049,064	795,665	489,787	674,895	304,265	299,359
Unrestricted (deficit).....	(19,918,801)	(18,774,601)	(21,271,210)	(13,415,543)	(12,691,709)	(12,384,732)	(12,680,248)	(11,310,855)	(7,633,826)	(462,549)
Total Governmental Activities Net Position.....	<u>\$ (12,337,957)</u>	<u>(11,723,994)</u>	<u>(11,866,538)</u>	<u>(9,334,282)</u>	<u>(9,588,054)</u>	<u>(10,363,806)</u>	<u>(10,453,808)</u>	<u>(9,699,030)</u>	<u>(6,540,391)</u>	<u>(1,226,517)</u>

Source: Basic Financial Statements

GASB 34 was implemented in 2005

GASB 65 was implemented in 2013

CITY OF ROCK HILL, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	For The Years Ended March 31									
	2014	2013	2012 Restated	2011	2010	2009	2008	2007	2006	2005
EXPENSES										
Administration.....	\$ 818,819	841,141	897,961	1,032,427	707,580	897,594	831,720	944,833	985,619	1,124,631
Fire department.....	1,075,281	970,839	894,295	800,864	833,474	783,028	735,159	715,554	812,094	859,402
Housing department.....	49,795	35,535	75,067	85,105	84,045	83,589	82,019	56,859	79,883	68,321
Municipal court.....	158,376	144,443	124,764	122,836	152,125	150,167	152,929	155,356	146,994	160,568
Parks and recreation.....	146,359	136,525	126,532	130,224	118,781	150,181	121,133	129,643	143,272	157,600
Police department.....	963,025	969,445	939,677	864,021	857,755	918,182	867,216	974,993	1,120,582	1,237,179
Public works.....	785,776	720,896	605,242	626,795	543,215	587,699	512,210	523,213	819,166	813,145
Economic development.....	-	25,982	3,545,333	-	-	268,923	1,266,583	3,628,898	6,435,596	-
Interest on long-term debt.....	2,000,744	1,527,335	1,513,982	1,265,037	1,254,762	1,241,446	1,378,350	761,408	599,786	176,844
Total Expenses.....	5,998,175	5,372,141	8,722,853	4,927,309	4,551,737	5,080,809	5,947,319	7,890,757	11,142,992	4,597,690
PROGRAM REVENUES										
Charges for services: ^a										
Administration.....	231,516	193,375	184,877	208,906	218,618	234,162	238,826	244,643	269,043	274,666
Municipal court.....	525,694	-	-	-	-	-	-	-	-	-
Parks and recreation.....	10,453	9,823	10,571	7,612	9,491	5,485	10,995	17,660	25,825	33,140
Police department.....	14,650	660,923	424,683	436,811	446,940	544,176	506,678	434,629	478,157	352,518
Public works.....	-	54,471	54,516	55,754	55,883	53,444	54,691	54,060	53,860	55,551
Operating grants and contributions.....	333,694	273,754	283,439	287,645	282,792	285,105	300,016	408,578	279,311	288,204
Capital grants and contributions.....	117,479	403,918	983,179	-	238,391	5,160	151,300	-	-	24,598
Total Program Revenues.....	1,233,486	1,596,264	1,941,265	996,728	1,252,115	1,127,532	1,262,506	1,159,570	1,106,196	1,028,677
NET REVENUES (EXPENSES).....	(4,764,689)	(3,775,877)	(6,781,588)	(3,930,581)	(3,299,622)	(3,953,277)	(4,684,813)	(6,731,187)	(10,036,796)	(3,569,013)

(Continued)

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

	For The Years Ended March 31									
	2014	2013	2012 Restated	2011	2010	2009	2008	2007	2006	2005
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Taxes: ^b										
Property	656,941	1,092,999	1,096,846	1,366,855	1,262,535	1,218,117	838,915	760,051	589,630	617,488
Sales.....	1,776,909	1,983,516	2,200,157	1,874,108	1,824,338	1,830,656	1,983,143	1,958,597	1,778,192	2,045,653
TIF revenues.....	771,889	-	-	-	-	-	-	-	-	-
Utility gross receipts.....	810,887	861,544	849,723	833,792	914,252	813,280	931,999	664,372	631,957	583,584
Other taxes.....	88,906	22,705	23,027	22,705	22,705	22,746	22,705	22,705	22,705	22,705
Investment income.....	21,064	26,345	26,621	24,105	19,033	30,843	49,898	28,987	10,964	20,740
Other revenues.....	24,130	19,850	40,815	55,941	32,511	127,637	103,375	137,836	83,951	83,800
Gain on sale of capital assets.....	-	-	12,143	6,847	-	-	-	-	1,327,677	100,000
Total General Revenues.....	4,150,726	4,006,959	4,249,332	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 POSITION.....	\$ (613,963)	\$ 231,082	\$ (2,532,256)	\$ 253,772	\$ 775,752	90,002	(754,778)	(3,158,639)	(5,313,874)	(95,043)

Source: Basic Financial Statements

NOTES:

^aEffective FY2014 court fines and cost are being reported as a Municipal Court program revenue. Past fiscal years court fines and cost were reported as a Police program revenue.

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

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

FUNCTIONS/PROGRAMS	For the Years Ended March 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
Administration.....	\$ 231,516	193,375	184,877	214,615	218,618	234,162	238,826	244,643	269,043	274,666
Fire department.....	700	-	237,500	-	61,682	5,160	-	-	-	-
Municipal court.....	525,694	-	-	-	-	-	-	-	-	-
Parks and recreation.....	17,354	136,373	33,971	7,612	9,491	5,485	162,295	136,523	25,825	67,738
Police department.....	20,302	664,842	434,419	438,010	456,909	547,467	507,688	434,629	478,157	358,881
Public works.....	437,920	601,674	1,050,498	336,491	505,415	335,258	353,697	343,775	333,171	327,392
Total Governmental Activities.....	<u>\$ 1,233,486</u>	<u>1,596,264</u>	<u>1,941,265</u>	<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

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

	For The Years Ended March 31									
	2014	2013	2012 Restated	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable.....	\$ 135,414	\$ 132,688	\$ 139,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	497,012	330,027	105,189	-	-	-	-	-	-	-
Assigned - Subsequent year's budget.....	28,616	-	195,647	-	-	-	-	-	-	-
Unassigned.....	1,627,117	1,684,658	1,737,329	-	-	-	-	-	-	-
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.....	<u>\$ 2,288,159</u>	<u>\$ 2,147,373</u>	<u>\$ 2,177,279</u>	<u>\$ 2,421,465</u>	<u>\$ 2,532,919</u>	<u>\$ 2,381,441</u>	<u>\$ 1,724,205</u>	<u>\$ 1,186,527</u>	<u>\$ 248,545</u>	<u>\$ 156,188</u>
All other governmental funds										
Restricted for:										
Capital projects.....	\$ 1,852,384	\$ 2,407,988	\$ 3,512,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service.....	303,188	373,795	434,858	-	-	-	-	-	-	-
Law enforcement.....	3,868	8,034	-	-	-	-	-	-	-	-
Police training.....	15,092	12,223	4,605	-	-	-	-	-	-	-
Sewer Lateral.....	11,741	4,084	22,043	-	-	-	-	-	-	-
Tax Increment Financing.....	1,026,833	1,081,487	1,116,590	-	-	-	-	-	-	-
Reserved:.....	-	-	-	87,223	87,342	87,335	88,576	92,818	88,548	87,782
Unreserved, reported in:										
Capital Projects Funds.....	-	-	-	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.....	<u>\$ 3,213,106</u>	<u>\$ 3,887,611</u>	<u>\$ 5,091,081</u>	<u>\$ 1,928,836</u>	<u>\$ 1,355,805</u>	<u>\$ 1,108,649</u>	<u>\$ 604,253</u>	<u>\$ 478,730</u>	<u>\$ 356,951</u>	<u>\$ 498,822</u>

Source: Basic Financial Statements

NOTES: GASB 54 was implemented in 2012.

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

	For The Years Ended March 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES:										
Property taxes.....	\$ 1,056,616	\$ 1,091,603	\$ 1,155,633	\$ 1,368,825	\$ 1,295,109	\$ 1,172,574	\$ 806,708	\$ 736,411	\$ 589,630	\$ 617,488
Gross receipts taxes.....	877,088	861,544	849,723	833,792	914,252	813,280	931,999	664,372	631,957	583,584
Sales tax.....	2,158,184	1,983,516	2,200,157	1,874,108	1,824,338	1,830,656	1,983,143	1,958,597	1,778,160	2,068,358
Licenses, permits, fines and fees.....	772,181	819,150	600,294	636,952	661,038	779,645	742,936	652,085	683,634	564,489
Intergovernmental.....	295,796	690,358	1,256,402	303,442	303,975	304,252	317,399	312,420	302,048	271,841
Investment income.....	26,285	26,345	26,621	24,105	19,033	30,843	49,898	28,987	10,964	20,740
Miscellaneous.....	222,095	109,746	126,758	129,932	336,483	195,325	325,683	355,606	227,202	276,147
Total Revenues.....	<u>5,408,245</u>	<u>5,582,262</u>	<u>6,215,588</u>	<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.....	676,900	785,039	807,756	900,424	696,273	827,509	767,125	621,512	891,707	1,098,076
Fire department.....	867,379	866,722	818,660	792,533	819,402	770,806	737,679	674,597	796,835	849,830
Housing department.....	48,673	35,205	79,631	85,522	82,790	83,911	78,184	56,646	78,230	68,321
Municipal court.....	166,321	141,896	123,489	117,830	155,965	157,459	154,126	144,851	146,994	160,568
Parks and recreation.....	117,095	122,187	115,751	119,522	111,847	110,631	113,762	122,886	139,773	154,457
Police department.....	938,699	970,295	910,874	852,300	849,745	882,540	836,600	943,711	1,124,094	1,216,820
Public works.....	461,299	523,286	459,138	442,792	419,425	438,321	407,531	423,816	554,498	618,551
Economic development.....	-	25,982	3,545,333	-	-	268,923	1,266,583	3,628,898	-	-
Capital outlay.....	1,410,542	2,105,651	2,126,698	297,412	832,718	1,092,450	971,296	206,343	2,031,751	1,520,271
Debt service:										
Principal.....	247,985	414,959	674,478	258,914	163,923	635,391	268,750	285,000	4,050,000	220,000
Interest.....	1,007,431	836,458	855,252	682,677	824,821	445,315	269,659	169,355	279,033	176,844
Interest-refunding.....	-	-	3,967,262	-	-	-	-	-	-	-
Advance refunding escrow.....	-	-	-	170,000	-	-	-	-	-	-
Bond issuance costs.....	-	-	77,176	43,834	-	-	-	-	-	-
Total Expenditures.....	<u>5,942,324</u>	<u>6,827,680</u>	<u>14,561,498</u>	<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>(534,079)</u>	<u>(1,245,418)</u>	<u>(8,345,910)</u>	<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)										
Transfers in.....	33,455	-	-	-	141,221	205,418	171,950	311,294	24,702	150,883
Transfers out.....	(33,455)	-	-	-	(141,221)	(205,418)	(171,950)	(311,294)	(24,702)	(150,883)
Sale of capital assets.....	361	8,000	12,143	10,347	1,315	1,449,866	-	-	5,523,202	100,000
Issuance of long-term debt.....	-	-	22,757,037	1,750,000	-	298,447	1,376,730	3,628,898	-	150,000
Refunding of long-term debt.....	-	-	(11,600,000)	(1,752,194)	-	-	-	-	-	-
Premium of long-term debt.....	-	-	74,209	46,028	-	-	-	-	-	-
Total Other Financing Sources (Uses).....	<u>361</u>	<u>8,000</u>	<u>11,243,389</u>	<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>-</u>	<u>-</u>	<u>-</u>	<u>296,604</u>	<u>-</u>
NET CHANGES IN FUND BALANCES.....	<u>\$ (533,718)</u>	<u>\$(1,237,418)</u>	<u>\$ 2,897,479</u>	<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.....	26.3%	26.0%	44.8%	25.6%	24.0%	23.0%	10.9%	6.4%	51.8%	8.4%

Source: Basic Financial Statements

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

For The Years Ended March 31	Property Tax	Sales Tax	Gross Receipts Taxes	Other	Total
2014	\$ 1,056,616	\$ 2,158,184	\$ 877,088	\$ 295,796	\$ 4,387,684
2013	1,091,603	1,983,516	861,544	690,358	4,627,021
2012	1,155,633	2,200,157	849,723	1,256,402	5,461,915
2011	1,368,825	1,874,108	833,792	303,442	4,380,167
2010	1,295,109	1,824,338	914,252	303,975	4,337,674
2009	1,172,574	1,830,656	813,280	304,252	4,120,762
2008	806,708	1,983,143	931,999	317,399	4,039,249
2007	736,411	1,958,597	664,372	312,420	3,671,800
2006	589,630	1,778,160	631,957	302,048	3,301,795
2005	617,488	2,045,643	583,584	294,556	3,541,271

Source: Basic Financial Statements

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

<u>For The Years Ended December 31</u>	<u>Residential Real Property</u>	<u>Commercial Real Property</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Total Direct Tax</u>	<u>Estimated Actual Value</u>
2013	\$ 61,726,670	\$ 27,997,010	\$ 11,887,500	\$ 101,611,180	0.675 *	\$ 448,033,933
2012	61,525,190	25,845,980	11,309,920	98,681,090	0.683 *	438,518,630
2011	61,950,700	26,313,520	10,307,790	98,572,010	0.658 *	439,212,528
2010	61,755,690	27,140,590	11,341,980	100,238,260	0.719 *	443,873,634
2009	61,737,790	26,987,790	12,156,200	100,881,780	0.635 *	445,744,828
2008	66,653,560	27,805,080	12,470,920	106,929,560	0.564 *	475,115,587
2007	66,301,250	22,690,750	11,677,570	100,669,570	0.550 *	454,898,755
2006	54,071,080	18,186,640	11,928,430	84,186,150	0.605 *	377,206,750
2005	53,764,470	17,435,760	11,775,130	82,975,360	0.578 *	372,786,568
2004	42,389,410	15,261,200	11,348,050	68,998,660	0.714 *	304,840,963

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
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS^a
LAST TEN FISCAL YEARS

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
City of Rock Hill.....	0.6680	0.6810	0.6580	0.7190	0.6350	0.5640	0.5500	0.6050	0.5780	0.7140
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
Roads and Bridges.....	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050
St. Louis County.....	0.4180	0.4180	0.4180	0.4180	0.4180	0.4530	0.4530	0.4530	0.4530	0.4750
St. Louis Community College.....	0.2200	0.2200	0.2200	0.2179	0.2136	0.2013	0.2003	0.2233	0.2231	0.2368
Special School District.....	1.2400	0.1012	1.0125	0.9950	0.9384	0.9184	0.9084	0.8235	0.8399	0.9051
Metro Zoo.....	0.2797	0.2684	0.2671	0.2546	0.2493	0.2344	0.2330	0.2611	0.2654	0.2756
Sheltered Workshop.....	0.0890	0.0840	0.0840	0.0790	0.0740	0.0690	0.0700	0.0820	0.0820	0.0850
Rock Hill Library.....	0.2900	0.2850	0.2700	0.2670	0.2590	0.2390	0.2410	0.2970	0.2630	0.3210
Metro Sewer District*.....	0.0874	0.0635	0.0818	0.0790	-	-	0.0667	0.0687	0.0686	0.0690
Deer Creek Sewer*.....	0.0860	0.0840	0.0840	0.0810	-	-	0.0600	0.0600	0.0600	0.0600
Webster Groves School District.....	5.8576	5.7588	5.7555	5.5775	4.8612	4.6149	4.5669	5.2660	5.2361	4.5515

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

^a Property tax rates reported in this schedule are the residential property tax rates.

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

CITY OF ROCK HILL, MISSOURI
PRINCIPAL TAXPAYERS
CURRENT CALENDAR YEAR AND NINE YEARS AGO

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
Market at McKnight (Novus).....	\$ 4,801,540	1	4.73%	\$ -		-%
Stanford Court Apartments, LLC.....	2,092,980	2	2.12%	1,016,160	3	1.47%
Missouri American Water Co.....	1,644,520	3	1.67%	828,890	6	1.20%
McKnight Development, LLC.....	1,368,440	4	1.37%	1,382,370	1	2.00%
Colonial Square Associates.....	1,017,820	5	1.01%	863,170	5	1.25%
Refrigeration Supplies Inc.....	1,015,200	6	0.95%	511,180	9	0.74%
GBC Enterpirses, LLC.....	830,630	7	0.83%	804,150	7	1.17%
Rock Hill Partnership.....	797,540	8	0.95%	1,228,190	2	1.78%
900 Rock Hill Partners LLC.....	774,720	9	0.93%	-		-
Waltrust Properties, INC.....	763,550	10	1.11%	-		-
Eighteen Investments.....	-		-	915,840	4	1.33%
9313 Manchester, LLC.....	-		-	524,350	8	0.76%
JJA Properties, LLC.....	-		-	429,540	10	0.62%
	<u>\$ 15,106,940</u>		<u>15.67%</u>	<u>\$ 8,503,840</u>		<u>12.32%</u>

Source: St. Louis County Assessor

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

Fiscal Year	Tax Levy Year	Net Tax Levy	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections	Total Tax Collections^a	Total Collections As Percent of Levy	Outstanding Delinquent Taxes^b	Outstanding Delinquent Taxes As of Levy
2014	2013	\$ 666,551	\$ 547,842	82.19%	\$ -	\$ 547,842	82.19%	\$ 89,008	13.35%
2013	2012	643,595	501,623	77.94%	49,871	551,494	85.69%	18,981	2.95%
2012	2011	606,765	519,267	85.58%	120,200	639,467	105.39%	5,817	0.96%
2011	2010	607,736	500,923	82.42%	108,241	620,062	102.03%	1,060	0.17%
2010	2009	604,250	500,832	82.88%	110,147	591,742	97.93%	3,533	0.58%
2009	2008	575,947	491,519	85.34%	88,435	573,805	99.63%	18	0.00%
2008	2007	552,458	468,435	84.79%	55,922	526,348	95.27%	17	0.00%
2007	2006	514,537	460,202	89.44%	84,065	551,199	107.13%	20	0.00%
2006	2005	500,603	440,755	88.04%	55,448	467,118	93.31%	57	0.01%
2005	2004	500,483	446,128	89.14%	110,770	556,800	111.25%	24	0.00%

Source: St. Louis County Collector's office.

^a Includes penalties and interest.

^b As of March 31, 2014

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

For The Years Ended March 31	Regular Sales Tax	Capital Improvement	Stormwater and Parks	Fire Protection	Transportation Development District	Total
2014	\$ 1,000,445	\$ 370,397	\$ 414,038	\$ 207,020	\$ 166,284	\$ 2,158,184
2013	966,890	345,855	382,967	191,677	96,127	1,983,516
2012	951,598	358,375	395,955	198,084	296,145	2,200,157
2011	950,050	348,880	383,407	191,771	-	1,874,108
2010	986,739	304,262	355,055	178,282	-	1,824,338
2009	934,370	326,086	379,462	190,738	-	1,830,656
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

Source: Basic Financial Statements

The sales tax rate in the City is 8.425%, which includes 4.225% for the State of Missouri, 1.7% for St. Louis County, and 2.5% as the City's direct rate which is detailed above.

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

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

For The Years Ended March 31	Governmental Activities					Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Tax Increment Revenue Bonds	Tax Increment Revenue Notes	Certificates of Participation	Capital Leases			
2014	\$ 4,770,000	\$ -	\$ 18,812,199	\$ -	\$ 40,060	\$ 23,622,259	16.1%	\$ 5,096
2013	4,980,000	-	18,812,199	-	78,044	23,870,243	16.6%	5,150
2012	5,185,000	173,400	18,812,199	-	114,603	24,285,202	17.3%	5,240
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	11.3%	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

Source: Basic Financial Statements

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

^a See Demographics and Economic Statistics Table.

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^a	Per Capita^b
2014	\$ 4,770,000	1.1%	\$ 1,029
2013	4,980,000	1.1%	1,074
2012	5,185,000	1.2%	1,119
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	0.7%	527
2006	2,565,000	0.7%	547
2005	2,680,000	0.9%	570

Source: Basic Financial Statements

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

^a See Assessed and Estimated Actual Value of Taxable Property Table.

^b See Demographics and Economic Statistics Table.

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

	March 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit.....	\$ 10,161,118	\$ 9,868,109	\$ 9,857,201	\$ 10,023,826	\$ 10,088,178	10,692,956	10,066,957	8,418,615	8,297,536	6,899,866
Net debt applicable to debt limit.....	<u>4,770,000</u>	<u>4,980,000</u>	<u>5,185,000</u>	<u>1,725,000</u>	<u>2,075,000</u>	<u>2,205,000</u>	<u>2,330,000</u>	<u>2,450,000</u>	<u>2,565,000</u>	<u>2,680,000</u>
Legal Debt Margin.....	<u>\$ 5,391,118</u>	<u>\$ 4,888,109</u>	<u>\$ 4,672,201</u>	<u>\$ 8,298,826</u>	<u>\$ 8,013,178</u>	<u>\$ 8,487,956</u>	<u>\$ 7,736,957</u>	<u>\$ 5,968,615</u>	<u>\$ 5,732,536</u>	<u>\$ 4,219,866</u>
Legal debt margin as a percentage of the debt limit.....	46.94%	50.47%	52.60%	17.21%	20.57%	20.62%	23.15%	29.10%	30.91%	38.84%

Source: Basic Financial Statements

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

CITY OF ROCK HILL, MISSOURI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF MARCH 31, 2014

Name Of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
St. Louis County.....	\$ 109,755,000	0.5%	\$ 548,775
Webster Groves School District.....	81,394,000	17.0%	13,836,980
Subtotal, Overlapping Debt.....	191,149,000		14,385,755
City of Rock Hill			
General obligation bonds.....	\$ 4,770,000	100.0%	\$ 4,770,000
Tax increment financing notes.....	18,812,199	100.0%	18,812,199
Capital leases.....	40,060	100.0%	40,060
Subtotal, Direct Debt.....	23,622,259		23,622,259
Total Direct And Overlapping Debt.....	<u>\$ 214,771,259</u>		<u>\$ 38,008,014</u>

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

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

Tax Increment Financing Revenue Bonds and Notes

For The Years Ended March 31,	Property Tax	Sales Tax	Investment Income	Less Operating Expenditures	Net Available Revenues	Debt Service		Coverage ^a
						Principal	Interest	
2014	\$ 376,433	\$ 381,156	\$ 8	\$ 4,027	\$ 753,570	\$ -	\$ 825,648	91.27%
2013	427,518	317,089	29	7,144	737,492	173,400	653,310	89.21%
2012	535,204	538,782	33	9,948	1,064,071	437,096	709,687	92.79%
2011	544,651	315,675	26	37,487	822,865	63,100	616,286	121.12%
2010	682,873	180,381	31	3,602	859,683	-	718,685	119.62%
2009	108,217	39,488	1,362	2,926	146,141	-	126,441	115.58%
2008	109,885	46,326	6,705	4,389	158,527	140,000	18,444	100.05%
2007	106,057	46,226	3,958	-	156,241	170,000	14,219	84.81%
2006	105,057	48,489	3,522	1,402	155,666	135,000	24,063	97.86%
2005	93,610	53,141	1,368	2,769	145,350	110,000	31,250	102.90%

Source: Basic Financial Statements

^a Coverage made with funds from previous years used for principal and interest payments.

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

For The Years Ended March 31	Population^a	Median Household Income^b	Personal Income^a	Per Capita Income^a	Webster Groves School District Enrollment	Unemployment Rate^b
2014	4,635	\$ 53,144	\$ 146,498,445	\$ 31,607	4,578	7.7
2013	4,635	56,827	143,615,475	30,985	4,327	7.3
2012	4,635	58,232	140,694,400	30,263	4,508	7.4
2011	4,635	47,869	117,886,104	25,803	4,248	9.4
2010	4,579	47,869	118,151,937	25,803	4,175	9.6
2009	4,609	47,869	118,926,027	25,803	4,192	8.6
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

^a **Source:** U.S. Bureau of Census

^b **Source:** Missouri Department of Economic Development

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

Employer	2014			2005		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Woodward Cleaning & Restoration, Inc....	186	1	4.5% %	NA	NA	NA
Hacienda Mexican Restaurant.....	98	2	2.4%			
ARCO/Murray Corporate Services, Inc.....	74	3	1.8%			
W. Schiller & Co., Inc.....	68	4	1.6%			
Millman Lumber Co.....	63	5	1.5%			
Webster Groves School District.....	62	6	1.5%			
RSI Kitchen and Bath.....	42	7	1.0%			
Bandana's BBQ.....	41	8	1.0%			
Stein Mart.....	40	9	1.0%			
Goddard School.....	37	10	0.9%			
	<u>711</u>		<u>17.1%</u>	<u>NA</u>		<u>NA</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government:										
Administration.....	2	2	3	3	3	3	3	3	4	4
Fire department.....	9.5	9	10	10	10	10	10	10	10	11
Housing department.....	1	1	1	1	1	1	1	1	1	1
Municipal court.....	2	2	1	1	1	2	2	2	2	3
Parks and recreation.....	1	1	1	1	1	1	1	3	3	3
Police department.....	11.5	12	10	10	10	10	10	10	10	10
Public works.....	6	6	5	5	5	5	5	5	7	6

Source: City payroll records

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

FUNCTIONS/PROGRAMS	As Of March 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police department:										
Average number of calls per month.....	450	436	400	497	477	443	422	462	NA	NA
Average number of arrests per month.....	25	27	40	23	20	25	24	27	23	23
Number of crime incidences reported.....	517	468	540	532	420	540	568	612	625	715
Fire department:										
Average number of fire calls per month....	80	76	75	84	76	74	64	78	70	71
Housing/building inspections:										
Number of permits:										
Building (decks, porches, roofs, garages)	13	17	19	25	22	25	6	3	NA	NA
Driveways.....	7	4	15	6	12	8	10	3	20	NA
Fences.....	26	9	24	20	17	18	22	3	NA	NA
Residential.....	197	98	148	151	172	142	201	276	NA	NA
Commercial.....	88	45	78	59	83	63	152	111	287	NA
Cost of construction ^a :										
Building (decks, porches, roofs, garages)	54,000	150,984	85,350	155,915	183,521	82,605	8,150	5,921	NA	NA
Driveways.....	40,500	17,713	73,600	25,778	41,965	24,000	30,000	9,000	NA	NA
Fences.....	51,000	9,400	44,200	49,486	28,538	27,000	33,000	4,500	NA	NA
Residential.....	1,065,111	3,482,112	1,019,311	389,811	1,464,143	878,368	1,962,143	3,126,924	3,790,743	NA
Commercial.....	4,987,191	1,160,862	7,350,637	651,143	1,799,744	1,672,746	2,259,882	9,523,704	9,970,704	NA
Finance and administration:										
Business licenses issued (August 1).....	67	67	68	65	64	55	60	67	65	NA
Merchant licenses issued (August 1).....	94	100	104	101	118	105	104	101	99	NA
Liquor licenses issued (July 1).....	19	15	17	16	15	15	18	15	14	NA

Source: City records - various departments listed

^a Estimates based on data provided by applicants

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

FUNCTIONS/PROGRAMS	As Of March 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Parks and recreation:										
Number of parks.....	7	7	7	7	7	7	7	7	7	7
Acres of parks.....	12	12	12	12	12	12	12	12	12	12
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	3	3	3	4	4	4	4	4
Police department:										
Vehicles.....	6	6	6	7	8	8	8	8	8	8
Public works:										
Vehicles.....	5	5	5	5	6	6	6	7	6	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	87	87	87	88	88	88	88
Number of street lights.....	327	327	327	327	325	335	335	335	335	335
Housing/building inspector:										
Vehicles.....	-	1	1	1	1	2	1	1	1	1
Other City owned property:										
Public works facility.....	1	1	1	1	1	1	1	1	1	1
City hall facilities (buildings).....	-	-	-	-	-	-	-	-	2	2
Park/pre-school building.....	-	1	1	1	1	1	1	1	1	1
Other property (parcels).....	3	3	3	3	3	3	8	8	8	3

Source: City records - various departments listed