

Comprehensive Annual Financial Report For Fiscal Year Ended March 31, 2017



City of Rock Hill, Missouri

CITY OF ROCK HILL, MISSOURI

Comprehensive Annual Financial Report
For The Fiscal Year Ended March 31, 2017



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

CITY OF ROCK HILL, MISSOURI
PRINCIPAL CITY OFFICIALS

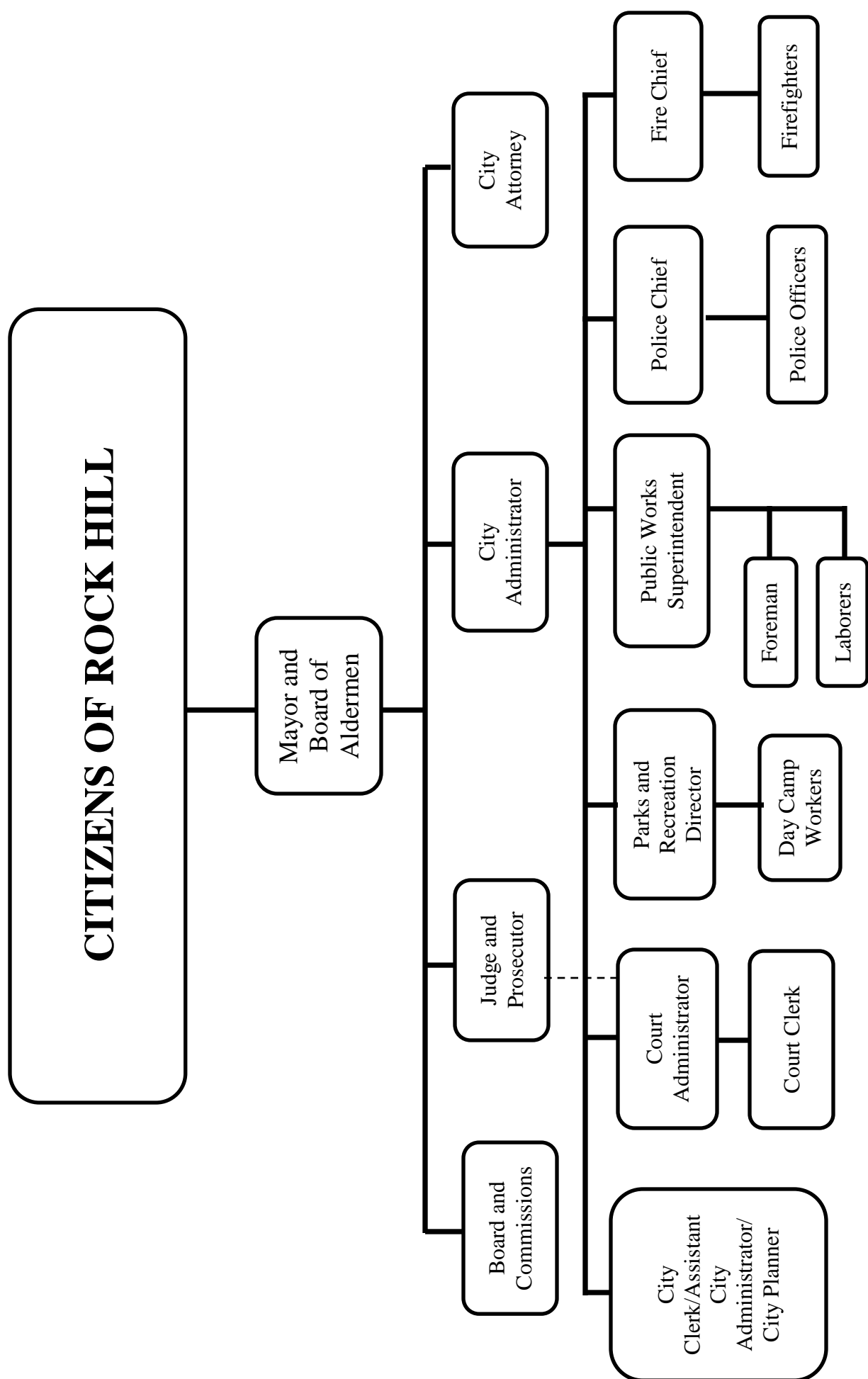
Elected Officials (As of Report Date)

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

Appointed Officials and Department Heads

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

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





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, 2016

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 24, 2017

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, 2017, for the City of Rock Hill, Missouri (the City) for your review. This report was prepared using U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by an independent firm of licensed certified public accountants.

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

The City's financial statements have been audited by Fick, Eggemeyer & Williamson Certified Public Accountants PC a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the year ended March 31, 2017, 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, 2017. They also concluded that the financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the City

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

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

The City has approximately 35 full-time and 7 seasonal employees and provides a range of municipal services including general administration, police protection, fire protection, municipal court, planning and zoning, public works, and parks and recreation.

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

Factors Affecting Financial Condition

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

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

The City has a variety of housing within its borders. The majority of the housing was constructed post-World War II. However, new homes continue to be constructed on the remaining lots scattered throughout the City. Between April 1, 2014 and March 31, 2017 the city has averaged four new houses per year. Many of the new houses are replacing older, neglected houses in the city.

The City has a commercial corridor along Manchester Road that stretches most of the length of the City. Five new businesses opened last year, I Love Juice Bar, LuLu's Asian Kitchen,

Haircuts Barbershop, Gateway Web Design, and Hope & Glow. This coming year the city expects at least three new openings, Reliance Bank, Rock Hill Dentistry and Bouyant Float Spa.

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

Long-term Financial Planning and Major Initiatives. In recent years the City has improved the General Fund unassigned fund balance; however, in Fiscal Year 2017 the City used \$64,962 in fund balance. The ending fund balance is \$1,836,777 which is 56% of Fiscal Year 2018 budgeted expenditures. The policy goal is to maintain a General Fund balance of 30% of operating expenditures so that City services are not adversely impacted by fluctuating economic conditions. The City receives its primary revenue from sales and utility taxes at 39% and 27% of revenues, respectively.

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

One of the City's major initiatives continues to be street repair work. The city created a 10-Year Infrastructure Plan to guide street repair decisions. The plan is designed to allow one major street project per year on a rotating cycle through the city's three wards. During the 16/17 fiscal year, the major project was the repair of the six streets within the Plainfield neighborhood within Ward 1. The city contracted this work out. A smaller street, Santa Fe Ave, was repaired by the city's Public Works Department.

Undoubtedly, the largest initiative the city undertook this year is the new municipal complex. In April 2016, the voters of Rock Hill overwhelmingly passed Proposition R; a \$6.1 million bond issuance for a new city hall, fire station, and police station. Navigate Building Solutions and Archimages have been working with city staff on the design of the new buildings during this fiscal year. Construction began in June 2017 and is expected to last 12-14 months.

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its

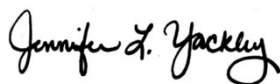
CAFR for the fiscal year ended March 31, 2016. This was the eighth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must 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 the City of Rock Hill, Missouri, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Rock Hill, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Rock Hill, Missouri, as of March 31, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2017, on our consideration of the City of Rock Hill, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rock Hill, Missouri's internal control over financial reporting and compliance.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPA
Saint Louis, Missouri
July 24, 2017

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2017**

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, 2017. 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 \$12,006,430. The City has an unrestricted deficit of net position totaling \$28,867,224 primarily due to \$23,711,613 in Tax Increment Financing (TIF) bonds and notes outstanding and interest payable on these bonds and notes of \$1,129,705, at year-end for infrastructure assets not owned by the City. The remaining \$4,025,906 deficit of unrestricted net position is from operations.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,090,603.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$1,777,910.
- The City's total long-term liabilities increased \$5,421,620 during the current fiscal year primarily due to the issuance of the \$6,100,000 in general obligation bonds.

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 cover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administration, police services, fire services, public works, parks and recreation, housing, and judicial. The City does not operate any business-type activities.

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2017**

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 ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the following major funds: General Fund, SW TIF Fund, the General Capital Projects Fund, the Infrastructure Capital Projects Fund, and the Debt Service Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental funds". Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements in the other supplemental information section of this report.

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

The governmental funds financial statements can be found on pages 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 47 of this report.

CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2017

Required supplemental information. In addition to the basic financial statements and accompanying notes, certain required supplemental information can be found on pages 48 through 56 of this report.

Other supplemental information. The combining and individual fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplemental information. Combining and individual fund statements can be found on pages 57 through 67 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 (\$12,006,430) from a deficit of (\$13,173,792), or 9% in the most recent fiscal year. The City's condensed statement of net position follows:

	March 31,		2017 Change	
	2017	2016	Amount	Percent
ASSETS				
Current and other assets	\$ 12,590,232	\$ 6,828,562	\$ 5,761,670	84.4 %
Capital assets, net	12,165,297	10,455,989	1,709,308	16.3
Total Assets	24,755,529	17,284,551	7,470,978	43.2
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	53,801	64,744	(10,943)	(16.9)
Deferred - related to pension	675,577	352,450	323,127	91.7
Total Deferred Outflows of Resources	729,378	417,194	312,184	74.8
LIABILITIES				
Current liabilities	1,433,246	669,836	763,410	113.97
Long-term liabilities	35,721,973	30,084,702	5,637,271	18.74
Total Liabilities	37,155,219	30,754,538	6,400,681	20.81
DEFERRED INFLOWS OF RESOURCES				
Deferred - related to pension	336,118	120,899	215,219	178.02
NET POSITION				
Net investment in capital assets	7,739,703	6,040,314	1,699,389	28.13
Restricted	9,121,091	7,281,433	1,839,658	25.27
Unrestricted (deficit)	(28,867,224)	(26,495,439)	2,371,785	9.00
Total Net Position	\$ (12,006,430)	\$ (13,173,692)	\$ (1,167,262)	(8.86) %

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2017**

A portion of the City's net position, \$7,739,703 in 2017, 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, \$9,121,091 in 2017, 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 \$28,867,224 in 2017. This deficit is comprised of \$4,025,906 in unrestricted net position deficit from operations and an unrestricted net position deficit resulting from the balance of \$23,711,613 in TIF bonds and notes outstanding and interest payable on these bonds notes of \$1,129,705 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, 2017

Governmental activities. Governmental activities increased the City's net position by \$1,167,262. Key elements of this are as follows:

	For The Years Ended March 31,		2017 Change	
	2017	2016	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 689,165	\$ 682,814	\$ 6,351	1.00 %
Operating grants and contributions	371,257	364,094	7,163	2.00
Capital grants and contributions	305,839	520,393	(214,554)	(41.23)
Total Program Revenues	1,366,261	1,567,301	(201,040)	(12.83)
General Revenues:				
Taxes	5,745,526	4,694,754	1,050,772	22.38
Investment income	8,337	11,006	(2,669)	(24.25)
Other	44,397	57,390	(12,993)	(22.64)
Total General Revenues	5,798,260	4,763,150	1,035,110	21.73
Total Revenues	7,164,521	6,330,451	834,070	13.18
EXPENSES				
Administration	930,244	789,683	140,561	17.80
Fire department	1,064,999	978,252	86,747	8.87
Housing department	19,348	22,425	(3,077)	(13.72)
Municipal court	153,314	159,665	(6,351)	(4.00)
Parks and recreation	235,426	242,355	(6,929)	(2.86)
Police department	1,060,747	959,073	101,674	10.60
Public works	725,860	745,081	(19,221)	(2.58)
Interest on long-term debt	1,807,321	2,951,941	(1,144,620)	(38.78)
Total Expenses	5,997,259	6,848,475	(851,216)	(12.43)
CHANGE IN NET POSITION	1,167,262	(518,024)	1,685,286	225.33
NET POSITION, APRIL 1	(13,173,692)	(12,655,668)	518,024	4.10
NET POSITION, MARCH 31	<u>\$ (12,006,430)</u>	<u>\$(13,173,692)</u>	<u>\$1,167,262</u>	8.86 %

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2017**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At March 31, 2017, the City's combined fund balance was \$12,090,603, an increase of \$5,616,685 from 2016. 15% of the total amount (\$1,777,910) constitutes unassigned fund balance, which is available for spending at the City's discretion

During the year ended March 31, 2017, the fund balance in the City's General Fund decreased by \$64,962 or 3% from the prior year fund balance.

The SW TIF Fund increased by \$157,162 due to the timing of TIF receipts collected and debt service payments. Debt service payments are made semi-annual and determined by the actual amount of TIF receipts collected at the time payments are due.

The General Capital Projects Fund increased by \$6,101,058 due to the bond proceeds for the for the purpose of constructing new city facilities consisting of a city hall, police station and fire station. Additional detailed information can be found on page 15.

The Infrastructure Capital Projects Fund had a decrease in fund balance of \$543,763 primarily due to the City's continued focus on street improvements.

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, 2017, the net position of the Pension Trust Fund totaled \$1,998,017. This is an increase of \$59,545 that is attributed to contributions made and the net appreciation in fair value of the investments exceeding the benefit payments made.

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City has invested, net of accumulated depreciation, \$12,165,297 at March 31, 2017 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 \$1,709,308. The City purchased capital assets totaling \$2,102,172 during the fiscal year ended March 31, 2017. The City's capital assets, net of accumulated depreciation, consisted of:

	March 31,		2017 Change	
	2017	2016	Amount	Percent
Land	\$ 282,639	\$ 282,639	\$ -	0.0 %
Construction in progress	515,733	990,086	(474,353)	(47.9)
Buildings and improvements	288,486	312,930	(24,444)	(7.8)
Vehicles	319,930	243,643	76,287	31.3
Equipment	117,978	99,512	18,466	18.6
Infrastructure	10,640,531	8,527,179	2,113,352	24.8
Total	\$ 12,165,297	\$10,455,989	\$1,709,308	16.3 %

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

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

	March 31,		2017 Change	
	2017	2016	Amount	Percent
General obligation bonds	\$ 10,634,605	\$ 4,415,675	\$ 6,218,930	140.8 %
Tax increment revenue bonds	15,373,912	16,174,974	(801,062)	(5.0)
Tax increment revenue notes	8,337,701	8,337,701	-	0.0
Compensated absences	162,456	158,704	3,752	2.4
Total	\$ 34,508,674	\$ 29,087,054	\$ 5,421,620	18.6 %

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

GENERAL FUND BUDGETARY HIGHLIGHTS

As of March 31, 2017, the City made amendments to the General Fund's original budget decreasing revenues by \$142,000 and increasing expenditures \$157,481. Revenues were \$97,958 over the final budget of \$2,945,555 primarily due to increases in water gross receipt tax, sales taxes, merchants' licenses and fines and court costs. Expenditures were \$135,118 below the final budget of \$3,243,593 due to various decreases in expenditures.

**CITY OF ROCK HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- General Fund expenditure budget for Fiscal Year 2018 increased before transfers 3.6% compared to Fiscal Year 2017 final budget. The expenditure budget included a 2% increase in salaries for City employees and decreased 1.8% compared to Fiscal Year 2017 final budget.
- The Mayor and Board of Aldermen remained committed to long-term financial planning. Annually, in conjunction with the budget process the five-year operational plans and the ten-year capital plans are updated. The City expects receive the following benefits from the long-term financial plan: 1) Maintain stable tax rates for residents; 2) Balance budgets that allow for the timely funding of the Uniformed Employees' Pension Fund; 3) Ensure City capital funds remain stable and able to provide funding for continued street improvements; 4) Financial flexibility; 5) Improved service planning for the residents; 6) Sustainable growth; and 7) Manage low or no revenue growth.
- The liability for the Uniformed Employee Pension Fund continues to be an on-going issue. The City contributions into the Plan have averaged 75% of the Actuarial Required Contribution (ARC) for the past five years. The funded ratio has increased from 49.8% in Fiscal Year 2012 to 62.7% in Fiscal Year 2017 as a result of investment returns and City contributions. Based on the actuary's recommendation the City will research a contribution policy that better reflects the fact that the Plan is frozen and the number of active participants is declining. 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, 2017

	Governmental Activities
ASSETS:	
Cash and investments.....	\$ 11,506,780
Receivables, net:	
Property tax.....	371,333
Municipal taxes.....	428,230
Intergovernmental.....	47,050
Other.....	211,885
Prepaid items.....	24,954
Capital assets:	
Land and construction in progress.....	798,372
Other capital assets, net of accumulated depreciation.....	11,366,925
TOTAL ASSETS.....	\$ 24,755,529
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding.....	53,801
Deferred amounts related to pension.....	675,577
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	729,378
LIABILITIES:	
Accounts payable.....	224,430
Accrued payroll.....	29,878
Accrued interest.....	1,161,056
Plan deposits.....	17,882
Noncurrent liabilities:	
Due within one year.....	1,257,474
Due in more than one year.....	33,251,200
Due in more than one year - net pension liability.....	1,213,299
TOTAL LIABILITIES.....	37,155,219
DEFERRED INFLOWS OF RESOURCES:	
Deferred amounts related to pension.....	336,118
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	336,118
NET POSITION:	
Net investment in capital assets.....	\$ 7,739,703
Restricted for:	
Capital projects.....	6,719,220
Debt services.....	344,606
Parks and stormwater.....	373,128
Police training.....	9,204
Sewer lateral.....	29,410
Tax increment financing.....	1,645,523
Unrestricted (deficit).....	(28,867,224)
TOTAL NET POSITION.....	\$ (12,006,430)

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

CITY OF ROCK HILL, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2017

	Expenses	Program Revenues			Net Revenues (Expenses) And Change In Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants And Contributions	
FUNCTIONS/PROGRAMS					
Governmental Activities					Governmental Activities
Administration.....	\$ 930,244	\$ 249,341	\$ 10,741	\$ -	\$ (670,162)
Fire department.....	1,064,999	-	-	-	(1,064,999)
Housing department.....	19,348	-	-	-	(19,348)
Municipal court.....	153,314	422,021	-	-	268,707
Parks and recreation.....	235,426	5,529	-	-	(229,897)
Police department.....	1,060,747	12,274	-	-	(1,048,473)
Public works.....	725,860	-	360,516	305,839	(59,505)
Interest on long-term debt and fiscal charges.....	1,807,321	-	-	-	(1,807,321)
Total Governmental Activities.....	<u>\$ 5,997,259</u>	<u>689,165</u>	<u>371,257</u>	<u>305,839</u>	<u>(4,630,998)</u>

General Revenues

Taxes:

Property taxes levied for:

General purposes.....	382,052
Debt service.....	849,894

Sales tax levied for:

General purposes.....	962,608
Fire Protection.....	225,552
Capital Improvement.....	373,777
Park and stormwater.....	451,879
Cigarette taxes.....	22,705
Franchise taxes.....	69,431
TIF revenues.....	1,666,094
Utility gross receipts.....	741,534
Investment income.....	8,337
Gain on sale of capital assets.....	647
Other revenues.....	43,750
Total General Revenues.....	<u>5,798,260</u>

CHANGE IN NET POSITION.....

1,167,262

NET POSITION, APRIL 1.....

(13,173,692)

NET POSITION, MARCH 31.....

\$ (12,006,430)

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

CITY OF ROCK HILL, MISSOURI
BALANCE SHEET-GOVERNMENTAL FUNDS
MARCH 31, 2017

	General Fund	SW TIF Fund	General Capital Projects Fund	Infrastructure Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and investments							
Held by trustee.....	\$ -	\$ 1,117,006	\$ 6,201,719	\$ -	\$ -	\$ -	\$ 7,318,725
Restricted.....	-	1,098,469	-	-	-	-	1,098,469
Unrestricted.....	1,561,448	111,965	332,516	84,684	244,670	754,303	3,089,586
Receivables (net):							
Property tax.....	143,755	-	-	-	186,717	40,861	371,333
Municipal taxes.....	279,224	89,929	58,025	-	-	1,052	428,230
Intergovernmental.....	3,784	-	-	43,266	-	-	47,050
Other.....	27,196	-	-	114,666	-	70,023	211,885
Prepaid items.....	24,165	-	-	-	-	789	24,954
Advances to other funds.....	34,702	-	-	-	-	-	34,702
TOTAL ASSETS.....	2,074,274	2,417,369	6,592,260	242,616	431,387	867,028	12,624,934
LIABILITIES:							
Accounts payable.....	75,321	51,092	93,454	-	-	4,563	224,430
Accrued payroll.....	28,927	-	-	-	-	951	29,878
Plan deposits.....	17,882	-	-	-	-	-	17,882
Advances from other funds.....	-	-	22,202	-	-	12,500	34,702
Total Liabilities.....	122,130	51,092	115,656	-	-	18,014	306,892
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue-property taxes.....	107,197	-	-	-	83,751	28,321	219,269
Unavailable revenue-court receipts.....	8,170	-	-	-	-	-	8,170
Total Deferred Inflows of Resources.....	115,367	-	-	-	83,751	28,321	227,439
FUND BALANCES:							
Nonspendable:							
Long-term interfund advances.....	34,702	-	-	-	-	-	34,702
Prepaid items.....	24,165	-	-	-	-	-	24,165
Restricted for:							
Capital projects.....	-	-	6,476,604	242,616	-	-	6,719,220
Debt service.....	-	-	-	-	347,636	-	347,636
Parks and stormwater.....	-	-	-	-	-	373,128	373,128
Police training.....	-	-	-	-	-	9,204	9,204
Sewer lateral.....	-	-	-	-	-	29,410	29,410
Tax increment financing.....	-	2,366,277	-	-	-	408,951	2,775,228
Unassigned.....	1,777,910	-	-	-	-	-	1,777,910
Total Fund Balances.....	1,836,777	2,366,277	6,476,604	242,616	347,636	820,693	12,090,603
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 2,074,274	\$ 2,417,369	\$ 6,592,260	\$ 242,616	\$ 431,387	\$ 867,028	\$ 12,624,934

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

CITY OF ROCK HILL, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
MARCH 31, 2017

Total Fund Balances - Governmental Funds..... \$ 12,090,603

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 \$15,285,776 and the accumulated depreciation is \$3,120,479..... 12,165,297

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

Net pension liability.....	(1,213,299)
Deferred outflows - pension related.....	675,577
Deferred inflows - pension related.....	(336,118)

Some revenues are not available soon enough to pay for current expenditures and are not reported as revenues in the governmental funds..... 227,439

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.....	(162,456)
Accrued interest payable.....	(1,161,056)
Bonds payable.....	(10,000,000)
Tax increment financing bonds.....	(15,540,000)
Tax increment financing notes.....	(8,337,701)
Deferred amount on refunding.....	53,801
Unamortized bond premium.....	(634,605)
Unamortized bond discount.....	166,088

Total Net Position of Governmental Activities..... \$ (12,006,430)

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

CITY OF ROCK HILL, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2017

	General Fund	SW TIF Fund	General Capital Projects Fund	Infrastructure Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property tax.....	\$ 295,720	\$ 493,010	\$ -	\$ -	\$ 793,244	\$ 14,235	\$ 1,596,209
Gross receipts taxes.....	810,965	-	-	-	-	-	810,965
Sales tax.....	1,188,161	1,121,079	373,777	-	-	467,189	3,150,206
Licenses, permits, fines and fees.....	673,085	-	-	-	-	-	673,085
Intergovernmental.....	22,705	-	10,015	606,143	-	-	638,863
Park and recreation programs.....	-	-	-	-	-	5,529	5,529
Investment income.....	7,677	217	443	-	-	-	8,337
Miscellaneous.....	45,200	-	55	-	-	71,706	116,961
Total Revenues.....	3,043,513	1,614,306	384,290	606,143	793,244	558,659	7,000,155
EXPENDITURES							
Current:							
Administration.....	586,949	-	191,569	-	-	88,687	867,205
Fire department.....	972,092	-	-	-	-	-	972,092
Housing department.....	20,422	-	-	-	-	-	20,422
Municipal court.....	150,564	-	-	-	-	-	150,564
Parks and recreation.....	-	-	-	-	-	210,662	210,662
Police department.....	974,184	-	-	-	-	8,746	982,930
Public works.....	400,192	-	-	-	-	-	400,192
Capital outlay.....	4,072	-	672,883	1,424,906	-	81,823	2,183,684
Debt services:							
Principal.....	-	810,000	0	-	435,000	-	1,245,000
Interest and fiscal agent fees.....	-	647,144	999	-	284,795	-	932,938
General obligation bonds issuance costs.....	-	-	110,621	-	-	-	110,621
Total Expenditures.....	3,108,475	1,457,144	976,072	1,424,906	719,795	389,918	8,076,310
REVENUES OVER(UNDER) EXPENDITURES.....	(64,962)	157,162	(591,782)	(818,763)	73,449	168,741	(1,076,155)
OTHER FINANCING SOURCES (USES)							
Transfers in.....	-	-	-	275,000	-	-	275,000
Transfers out.....	-	-	-	-	-	(275,000)	(275,000)
Sale of capital assets.....	-	-	646	-	-	-	646
General obligation bonds issued.....	-	-	6,100,000	-	-	-	6,100,000
Premium on general obligation bonds issued.....	-	-	592,194	-	-	-	592,194
Total Other Financing Sources(Uses).....	-	-	6,692,840	275,000	-	(275,000)	6,692,840
NET CHANGE IN FUND BALANCE.....	(64,962)	157,162	6,101,058	(543,763)	73,449	(106,259)	5,616,685
FUND BALANCES, APRIL 1.....	1,901,739	2,209,115	375,546	786,379	274,187	926,952	6,473,918
FUND BALANCES, MARCH 31.....	\$ 1,836,777	\$ 2,366,277	\$ 6,476,604	\$ 242,616	\$ 347,636	\$ 820,693	\$ 12,090,603

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

CITY OF ROCK HILL, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2017

Net Change In Fund Balances - Governmental Funds.....	\$ 5,616,685
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Amounts reported for governmental activities in the statement of activities are difference because:

Capital outlays are reported in the governmental funds as expenditures, however, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$2,102,172) exceeded depreciation (\$392,864) in the current period.....	1,709,308
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The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increased long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the long-term liabilities in the statement of net assets.

Debt issued during the current year:

Issuances of general obligation bonds.....	(6,100,000)
Premium.....	(592,194)

Repayments during the current year:

Bonds payable.....	1,245,000
Amortization of premiums on debt issuance.....	38,264
Amortization of discount on debt issuance.....	(8,938)
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:

Deferred revenues.....	163,720
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Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes of these items are:

Accrued compensated absences liability.....	(3,752)
Accrued interest.....	(782,145)
Net pension liability.....	(215,651)
Deferred outflows - pension related.....	323,127
Deferred inflows - pension related.....	(215,219)

Change in Net Position of Governmental Activities.....	\$ 1,167,262
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The notes to financial statements are an integral part of this statement.

CITY OF ROCK HILL, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
MARCH 31, 2017

	Pension Trust Fund	Agency Fund
ASSETS		
Cash.....	\$ -	\$ 5,410
Investments, at fair value:		
Money market funds.....	33,563	-
Mutual funds.....	1,963,887	-
Accrued interest and dividends.....	567	-
TOTAL ASSETS.....	1,998,017	5,410
LIABILITIES		
Deposits held for others.....	-	5,410
TOTAL LIABILITIES.....	-	5,410
NET POSITION		
Restricted for pensions.....	\$ 1,998,017	\$ -

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

CITY OF ROCK HILL, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUND
FOR THE YEAR ENDED MARCH 31, 2017

	<u>Pension Trust Fund</u>
ADDITIONS	
Investment income	
Interest and dividends.....	\$ 37,759
Net appreciation in fair value of investments.....	145,653
Total Investment Income (Expense).....	183,412
Employer contributions.....	150,000
Total Additions.....	333,412
DEDUCTIONS	
Benefits paid.....	271,917
Fees paid.....	1,950
Total Deductions.....	273,867
CHANGE IN NET POSITION.....	59,545
NET POSITION RESTRICTED FOR PENSION, APRIL 1.....	1,938,472
NET POSITION RESTRICTED FOR PENSION, MARCH 31.....	\$ 1,998,017

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

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, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the City reports the following fund types

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

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

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

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

4. Cash and Investments

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

5. Deferred Outflows/Inflows of Resources

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Capital Assets

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Compensated Absences

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

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

Compensatory time accrues to a maximum of 240 hours for Fire Fighters, 80 hours for Police Officers, and 40 hours for all other employees. Sick leave accrues to a maximum of 648 hours for Fire Fighters and 480 hours for all other employees. Upon leaving employment of the City, an employee is not entitled to payment for accrued sick leave.

8. Long-term Obligations

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

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

9. Property Taxes

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

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

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Allowance

Taxes and bonds receivable are shown net of an allowance for uncollectible accounts of \$15,749.

11. Advances and Due To/From Other Funds

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

12. Prepaid Items

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

13. Use of Estimates

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

14. Fund Balance Policies

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

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

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

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

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

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Balance Policies (Continued)

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

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

15. Net Position

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

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, 2017, the City's bank balance of \$3,178,664 was fully insured by depository insurance and collateralized with securities held by the Federal Reserve Bank.

The deposits and investments held at March 31, 2017, and reported at fair value, are as follows:

Type	Carrying Value
Deposits:	
Demand deposits.....	\$ 3,094,346
Cash on hand.....	650
	<u>3,094,996</u>
Pooled Investments:	
Money market mutual funds.....	<u>8,417,194</u>
Pension Trust Investments:	
Money market funds.....	33,563
Mutual funds.....	1,963,887
	<u>1,997,450</u>
Total Deposits and Investments.....	<u><u>\$ 13,509,640</u></u>
 Reconciliation to the Financial Statements:	
Statement of Net Assets:	
Cash and Investments:	
Governmental Activities.....	\$ 11,506,780
Statement of Fiduciary Net Position:	
Cash and Investments:	
Held by trustees – Pension Trust Fund.....	1,997,450
Restricted:	
Agency Fund.....	<u>5,410</u>
	<u><u>\$ 13,509,640</u></u>

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE B – CASH AND INVESTMENTS (Continued)

2. Investments

As of March 31, 2017, 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	\$8,417,194	\$8,417,194	\$ -	\$ -	Not rated
Fiduciary Funds					
Money market funds	33,563	33,563	-	-	N/A
Mutual funds	1,963,887	1,963,887	-	-	Not rated
Total Fiduciary Funds					
Investments	1,997,450	1,997,450	-	-	
Total Investments	\$10,414,644	\$10,414,644	\$ -	\$ -	

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.

4. Fair Value Measurements:

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE B – CASH AND INVESTMENTS (Continued)

4. Fair Value Measurements (Continued):

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

The Primary Government did not have any investments subject to fair value level classification as of March 31, 2017.

The Fiduciary Fund has the following recurring fair value measurements as of March 31, 2017.

- Fixed income mutual funds of \$741,196 and equity mutual funds of \$1,222,691 are valued using quoted prices. (Level 1 inputs)
- Money market funds of \$33,564 are investments not subject to fair value level classification.

5. Investment Policy-Uniformed Employee Pension Plan:

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

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

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The plan's investment policy states that they minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

Rate of return: For the year ended March 31, 2017, the annual money weighted rate of return on the pension plan investments, net of pension plan investment expense, was -1.07 percent. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested

Concentration of Credit Risk is required to be disclosed by the plan for any single investment that represents 5% or more of the total investments (excluding investments issued by or explicitly guaranteed by the US Government and investments in mutual funds). As of March 31, 2017, the Plan's investments were all in mutual funds.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE B – CASH AND INVESTMENTS (Continued)

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

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

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

NOTE C – PROPERTY TAX

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

	<u>Real Estate</u>		<u>Personal</u>
	<u>Residential</u>	<u>Commercial</u>	<u>Property</u>
General government services	\$ 0.2790	\$ 0.3050	\$ 0.3400
Debt service	0.7950	0.7950	0.7950
Total property tax levied:	<u>\$ 1.0740</u>	<u>\$ 1.1000</u>	<u>\$ 1.1350</u>

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE D – Capital Assets

The following is a summary of changes in capital assets:

	For The Year Ended March 31, 2017			
	Balance March 31, 2016	Additions	Deletions	Balance March 31, 2017
Capital assets not being depreciated:				
Land	\$ 282,639	\$ -	\$ -	\$ 282,639
Construction in progress	990,086	510,198	984,551	515,733
Total Capital Assets Not Being Depreciated	1,272,725	510,198	984,551	798,372
Capital assets being depreciated:				
Buildings and improvements	576,136	-	-	576,136
Vehicles	1,222,113	170,420	-	1,392,533
Equipment	317,880	34,283	1,988	350,175
Infrastructure	9,796,738	2,371,822	-	12,168,560
Total Capital Assets Being Depreciated	11,912,867	2,576,525	1,988	14,487,404
Less-Accumulated depreciation for:				
Buildings and improvements	263,206	24,444	-	287,650
Vehicles	978,470	94,133	-	1,072,603
Equipment	218,368	15,817	1,988	232,197
Infrastructure	1,269,559	258,470	-	1,528,029
Total Accumulated Depreciation	2,729,603	392,864	1,988	3,120,479
Total Capital Assets Being Depreciated, Net	9,183,264	2,183,661	-	11,366,925
Capital Assets, Net	<u>\$ 10,455,989</u>	<u>\$ 2,693,859</u>	<u>\$ 984,551</u>	<u>\$12,165,297</u>

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

	For The Year Ended March 31, 2017
Administration	\$ 15,167
Fire department	60,062
Parks department	17,508
Police department	19,534
Public works	280,593
Total	<u>\$ 392,864</u>

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS

Missouri Local Government Employees Retirement System

1. Plan Description

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

2. Benefits Provided

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

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

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

3. Employees Covered by Benefit Terms

At June 30, 2016, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>
Retirees and Beneficiaries	10	5	0
Inactive, Non-retired Members	8	3	2
Active Members	13	10	10
Total	<u>31</u>	<u>18</u>	<u>12</u>

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)

Missouri Local Government Employees Retirement System (Continued)

4. Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount of finance an unfunded accrued liability. The City contribution rates are 0.2% (General), 11.8% (Police) and 10.4% (Fire) of annual covered payroll.

5. Net Pension Liability

The City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016.

6. Actuarial Assumptions

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The new assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)

Missouri Local Government Employees Retirement System (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	43.0%	5.00%
Fixed Income	26.0	3.00
Real assets	20.0	3.25
Strategic Assets	6.5	5.60

7. Discount Rate

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)

Missouri Local Government Employees Retirement System (Continued)

8. Changes in the Net Pension Liability

A. Total Pension Liability

1. Service Cost	\$ 122,314
2. Interest on Total Pension Liability	263,215
3. Changes of Benefit Terms	-
4. Difference between expected and actual experience of the Total Pension Liability	62,288
5. Changes of Assumptions	122,989
6. Benefit payments, including refunds of employee contributions	<u>(121,190)</u>
7. Net change in total pension liability	449,616
8. Total Pension liability – June 30, 2015	<u>3,630,001</u>
9. Total Pension liability – June 30, 2016	<u><u>\$4,079,617</u></u>

B. Plan Fiduciary Net Position

1. Contributions – employer	\$ 129,004
2. Contributions – employee	-
3. Net investment income	(8,428)
4. Benefit payments, including refunds of employee contributions	(121,190)
5. Pension plan administrative expense	(4,459)
6. Other (Net Transfers)	<u>(33,703)</u>
7. Net Change in plan fiduciary net position	(38,776)
8. Plan fiduciary net position – June 30, 2015	<u>4,092,008</u>
9. Plan fiduciary net position – June 30, 2016	<u><u>\$4,053,232</u></u>

C. Net pension liability/(asset)	\$ 26,385
D. Plan fiduciary net position as a percentage of the total pension liability	99.35%
E. Covered-employee payroll	\$1,672,879
F. Net pension liability as a percentage of covered employee payroll	1.58%

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)

Missouri Local Government Employees Retirement System (Continued)

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

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

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Net pension liability (asset)	\$ 634,220	\$ 26,385	\$ (473,581)

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

For the year ended June 30, 2016, the City recognized pension expense of \$245,573. Reported deferred outflows and inflows of resources are related to the following sources.

	Outflows	Inflows	Net Outflows
Differences in experience	\$ -	\$ (82,070)	\$ (82,070)
Excess (deficit) investment returns	537,887	-	537,887
Total	<u>\$ 537,887</u>	<u>\$ (82,070)</u>	<u>\$ 455,817</u>

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

For The Years Ending June 30	
2017	\$ 117,472
2018	117,472
2019	117,467
2020	83,026
2021	9,864
Thereafter	10,516
Total	<u>\$ 455,817</u>

11. Payable to the Pension Plan

At March 31, 2017 the City reported a payable of 97,238 for the outstanding amount of contributions to the pension plan required for the year ended March 31, 2017.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

1. Plan Summary

Plan description: The Uniformed Employees’ Pension Plan (the Plan), is a closed, single-employer, defined benefit pension plan administered by the City of Rock Hill covering all full-time employees of the Police and Fire Departments of the City hired before October 28, 2003. The Plan was created and governed by ordinance in accordance with state statutes. The Plan may be amended under the provisions of the original ordinance.

The Plan does not issue a separate financial report.

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

Plan membership: As of May 1, 2016 (the most recent actuarial valuation date), membership in the Plan is comprised of the following:

Retirees and beneficiaries currently receiving benefits	17
Vested terminated employees	4
Active employees – receiving benefits	1
Active employees	7
	<hr/> 29 <hr/>

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

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

Participants who had not started receiving benefits by May 1, 2003 shall be eligible to receive 30% of their final average monthly compensation reduced by 1/20th 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.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

1. Plan Summary (Continued)

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

Contributions: As of March 31, 2017, the City did not have a formal contribution policy. Annual contributions made to the Plan over the last five years averaged 76% of the Actuarial Required Contribution (ARC). Based on the actuary's recommendation, the City will research a contribution policy that better reflects the facts that the Plan is frozen and the number of active participants is declining.

2. Net Pension Liability

The City's net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total pension liability in the March 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

2. Net Pension Liability (Continued)

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

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

Discount rate: Discount rate may or may not be equal to the expected long-term rate of return. Assets and liabilities were projected into the future (assuming 75% of the required contributions are deposited) to determine if there is a point at which the assets are unable to pay benefits. The projections show that this occurs late enough that there is no measurable effect to the Discount Rate. The resulting effective interest rates are 6.40 percent and 6.40 percent for the fiscal years ending 3/31/2016 and 3/31/2017, respectively.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

2. Net Pension Liability (Continued)

Changes in net pension liability:

A. Total Pension Liability

1. Service Cost	\$ 9,804
2. Interest on Total Pension Liability	209,126
3. Difference between expected and actual experience of the Total Pension Liability	(158,829)
4. Changes of Assumptions	-
5. Benefit payments, including refunds of employee contributions	(273,297)
6. Net change in total pension liability	(213,196)
7. Total Pension liability – March 31, 2016	3,398,127
8. Total Pension liability – March 31, 2017	<u>\$ 3,184,931</u>

B. Plan Fiduciary Net Position

1. Contributions – employer	\$ 150,000
2. Net investment income	182,842
3. Benefit payments, including refunds of employee contributions	(273,297)
4. Pension plan administrative expense	-
5. Other (Net Transfers)	-
6. Net Change in plan fiduciary net position	59,545
7. Plan fiduciary net position – March 31, 2016	1,938,472
8. Plan fiduciary net position – March 31 2017	<u>\$ 1,998,017</u>

C. Net pension liability/(asset) \$ 1,186,914

D. Plan fiduciary net position as a percentage of the total Pension liability 62.73%

E. Covered-employee payroll \$ 350,990

F. Net pension liability as a percentage of covered employee payroll 338.16%

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

2. Net Pension Liability (Continued)

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

	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
	<u> </u>	<u> </u>	<u> </u>
City's net pension liability	\$ 1,499,225	\$ 1,186,914	\$ 919,214

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

For the year ended March 31, 2017, the City recognized pension expense of \$141,174. At March 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 20,987	\$ (158,829)
Net difference between projected and actual earnings on pension investment	116,594	(95,219)
Changes of assumptions	109	-
Total	<u><u>\$ 137,690</u></u>	<u><u>\$ (254,048)</u></u>

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE E – EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

Year ended March 31,

2018	\$ (44,886)
2019	(55,160)
2020	(18,352)
2021	15,593
2022	(13,552)
Thereafter	(1)
Total	<u><u>\$ (116,358)</u></u>

4. Payable to the Pension Plan

At March 31, 2017, the City had no payable for contributions to the Plan.

NOTE F – RISK MANAGEMENT

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

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

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

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE G – COMMITMENTS AND CONTINGENCIES

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

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

Construction Commitments

The City has an active construction project for the design and construction of Municipal facilities. As of March 31, 2017 the City's commitments with contractors are as follows:

<u>Contractor</u>	<u>Total Spent As of March 31, 2017</u>	<u>Remaining Commitment</u>
Paric Corporation	\$ 102,684	\$ 126,731
Archimages	250,545	199,255
Weis Group	7,007	16,943
Total	<u>\$ 360,236</u>	<u>\$ 342,929</u>

NOTE H – LONG-TERM LIABILITIES

Long-term debt consists of the following:

General Obligation Bonds

	<u>March 31, 2017</u>
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%.	\$ 3,200,000
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%.	910,000
Series 2016 general obligation bonds of \$6,100,000 used for the construction of municipal facilities that include City Hall, Police Station and Fire Station, due in annual installment through March 1, 2036, interest payable at 2% to 4%.	<u>5,890,000</u>
Total General Obligation Bonds	<u>\$10,000,000</u>

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE H – LONG-TERM LIABILITIES (Continued)

Debt Service requirements for the bonds are as follows:

For The Years Ended March 31,	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 470,000	\$ 341,959	\$ 811,959
2019	485,000	331,109	816,109
2020	495,000	317,519	812,519
2021	510,000	304,556	814,556
2022	525,000	290,694	815,694
2023-2027	2,880,000	1,227,638	4,107,638
2028-2032	3,055,000	679,425	3,734,425
2033-2036	1,580,000	161,400	1,741,400
Total	<u>\$ 10,000,000</u>	<u>\$ 3,654,300</u>	<u>\$ 13,654,300</u>

Tax Increment Revenue Notes

During 2015, the City issued \$16,350,000 of Tax Increment Revenue Bonds, Series 2015A (the “Priority Bonds”) in conjunction with \$8,337,701 of Tax Increment Revenue Notes, Series 2015B (the Subordinate Notes), to refund the Tax Increment Revenue Notes, Series A and Series B, fund a debt service reserve fund securing the Priority Bonds, and pay the costs of issuing the Bonds. The tax increment revenue bonds and notes are considered a special limited obligation of the City. The City will make principal and interest payments on the tax increment revenue notes based on the incremental payments in lieu of taxes (PILOTS) and economic activity tax (EATS).

Since annual repayment amounts for the tax increment revenue notes will be determined based on future revenues, a schedule of debt service requirements to maturity cannot be established.

	For the Year Ended March 31, 2017			Amounts Due Within One Year
	Balance March 31, 2016	Additions	Reductions	
General Obligation bonds	\$ 4,335,000	\$6,100,000	\$ 435,000	\$10,000,000
Plus – Premium	80,675	592,194	38,264	634,605
Tax increment revenue notes	8,337,701	-	-	8,337,701
Tax increment revenue bonds	16,350,000	-	810,000	15,540,000
Less – Discount	(175,026)	-	(8,938)	(166,088)
Compensated absences	158,704	104,965	101,213	162,456
Total	<u>\$29,087,054</u>	<u>\$6,797,159</u>	<u>\$1,375,539</u>	<u>\$34,508,674</u>

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

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE I – LEASE OBLIGATIONS

1. Operating Leases

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

In 2013, the City entered into an operating lease agreement for a Fire Barn. The lease agreement runs from August 2013 through August 2015, and there are three optional 1-year extensions. The initial 2-year term required a one-time payment of \$57,850. During the fiscal year, the City exercised the second optional 1-year extension for \$20,000, as stated in the agreement.

<u>For The Years Ended March 31,</u>	<u>Amount</u>
2018	\$ 90,079
2019	5,165
	<u>\$ 95,244</u>

Lease expenditures for the fiscal year ended March 31, 2017 were \$80,664.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE J – RECONCILIATION OF INTERFUND TRANSACTIONS

1. Interfund Transfers

	<u>Transfers From</u>	<u>Transfers To</u>	<u>Net Transfers</u>
Major Funds			
Infrastructure Capital Projects Fund.....	\$ -	\$ 275,000	\$ 275,000
Non-major Funds			
Park Fund.....	(275,000)	-	(275,000)
Total.....	<u>\$ (275,000)</u>	<u>\$ 275,000</u>	<u>\$ -</u>

The transfers from the Park Fund to the Infrastructure Capital Projects Fund were for the purpose of funding capital infrastructure projects that involve stormwater improvements.

2. Advances From/To Other Funds

Individual interfund assets and liabilities balances are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>March 31, 2017</u>
General Fund	General Capital Projects Fund	\$ 22,202
General Fund	Sewer Lateral Fund	12,500
Total Advances		<u>\$ 34,702</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.

NOTE K – UNRESTRICTED NET POSITION DEFICIT

The government-wide statement of net position reflects an unrestricted net position deficit of (\$28,867,224). This total is comprised of \$3,859,818 in unrestricted net position deficit from operations and an unrestricted net position deficit resulting from the issuance of tax increment revenue bonds and notes in the amount of \$23,877,701 and interest payable on these notes of \$1,129,705, 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 bonds and notes are a special limited obligation of the City and are not used in calculating the City's debt limit.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE L – RESTRICTED NET POSITION

The government-wide statement of net position reports \$9,121,091 of restricted net assets, of which 100% is restricted by enabling legislation.

NOTE M – TAX INCREMENT REVENUES PLEDGED

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes issued to finance certain improvements in the City. The bonds and notes are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved area. Incremental taxes were projected to produce 100% of the debt service requirements over the life of the bonds and notes. As of March 31, 2017, the City received \$1,614,089 in tax incremental revenues that were pledged for the debt service on the TIF bonds and notes. Information regarding the TIF bonds and notes are reported in Note H.

NOTE N – MUNICIPAL COURT TRAFFIC VIOLATIONS FINES AND COSTS

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

Total court fines and costs (all case types).....	\$ 415,884
Total general operating revenue of the City.....	<u>2,817,235</u>
Court fines and costs as a percentage of total general operating revenue of the City.....	<u>14.8%</u>

NOTE O – FEDERAL FORFEITURE ACTIVITY

For the year ended March 31, 2017, the City had a beginning balance of \$2,555, no revenues, and expenditures of \$2,555, for a zero ending balance in the Asset Forfeiture Fund.

CITY OF ROCK HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE P – SUBSEQUENT EVENTS

In May 2017, the City reimbursed Missouri CVS Pharmacy, L.L.C. \$180,000 for environmental remediation costs on the NW TIF Project (RPA2) as directed in the City of Rock Hill, Missouri, RPA 2 – Northwest/Southwest Redevelopment Plan.

In May 2017, the City entered into a contract for \$5,539,500 with K & S Associates for general contracting services in the construction of the municipal facilities.

In June 2017, the City entered into a contract for \$27,628 with TSI Geotechnical for independent testing of construction materials and special inspections on the municipal facilities construction project.

NOTE Q - RECENT ACCOUNTING PRONOUNCEMENTS

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

In March 2016, the GASB issued Statement No 82, “Pension Issues—an amendment of GASB Statements No 67, No. 68, and No. 73.” The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, “Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

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**REQUIRED SUPPLEMENTARY
INFORMATION – BUDGETARY
COMPARISON INFORMATION**

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CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Property tax.....	\$ 302,000	\$ 302,000	\$ 295,720	\$ (6,280)
Gross Receipt Taxes:				
Cable television.....	75,000	75,000	69,431	(5,569)
Electric.....	346,000	346,000	339,848	(6,152)
Gas.....	195,000	155,000	160,457	5,457
Telephone.....	180,450	160,450	157,727	(2,723)
Water.....	65,600	65,600	83,502	17,902
Total Gross Receipts Taxes.....	862,050	802,050	810,965	8,915
Sales Tax:				
County sales tax.....	982,500	952,500	962,609	10,109
Fire sales tax.....	207,000	215,000	225,552	10,552
Total Sales Tax.....	1,189,500	1,167,500	1,188,161	20,661
Licenses, permits, fines and fees:				
Auto personal property.....	13,400	13,400	13,601	201
Building permits.....	18,000	18,000	17,094	(906)
Liquor.....	9,800	9,800	11,582	1,782
Merchants' licenses.....	176,000	176,000	207,064	31,064
Fines and court costs.....	470,250	410,250	423,744	13,494
Total Licenses and Permits.....	687,450	627,450	673,085	45,635
Intergovernmental:				
Cigarette tax.....	22,705	22,705	22,705	-
Investment Income.....	9,000	9,000	7,677	(1,323)
Miscellaneous:				
Grant income.....	3,750	3,750	726	(3,024)
Miscellaneous.....	11,100	11,100	44,474	33,374
Total Miscellaneous.....	14,850	14,850	45,200	30,350
Total Revenues.....	3,087,555	2,945,555	3,043,513	97,958

(Continued)

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

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
EXPENDITURES				
Current:				
Administration:				
Personnel services.....	314,008	414,008	376,953	(37,055)
Contracted services.....	163,460	163,460	172,426	8,966
Operating expenditures.....	39,835	39,835	37,570	(2,265)
Capital outlay.....	-	-	1,716	1,716
Total Administration.....	<u>517,303</u>	<u>617,303</u>	<u>588,665</u>	<u>(28,638)</u>
Fire Department:				
Personnel services.....	848,551	906,032	907,049	1,017
Contracted services.....	55,500	55,500	54,579	(921)
Operating expenditures.....	11,700	11,700	10,464	(1,236)
Capital outlay.....	1,000	1,000	575	(425)
Total Fire Department.....	<u>916,751</u>	<u>974,232</u>	<u>972,667</u>	<u>(1,565)</u>
Housing Department:				
Personnel services.....	31,817	31,817	19,473	(12,344)
Contracted services.....	1,480	1,480	709	(771)
Operating expenditures.....	1,655	1,655	240	(1,415)
Total Housing.....	<u>34,952</u>	<u>34,952</u>	<u>20,422</u>	<u>(14,530)</u>
Municipal Court:				
Personnel services.....	138,986	138,986	129,021	(9,965)
Contracted services.....	24,700	24,700	18,831	(5,869)
Operating expenditures.....	4,400	4,400	2,712	(1,688)
Capital outlay.....	760	760	256	(504)
Total Municipal Court.....	<u>168,846</u>	<u>168,846</u>	<u>150,820</u>	<u>(18,026)</u>
Police Department:				
Personnel services.....	868,150	868,150	848,697	(19,453)
Contracted services.....	109,787	109,787	117,104	7,317
Operating expenditures.....	10,338	10,338	8,383	(1,955)
Total Police Department.....	<u>988,275</u>	<u>988,275</u>	<u>974,184</u>	<u>(14,091)</u>

(Continued)

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

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
Public Works				
Personnel services.....	279,581	279,581	244,315	(35,266)
Contracted services.....	95,185	95,185	101,383	6,198
Operating expenditures.....	85,219	85,219	54,494	(30,725)
Capital outlay.....	-	-	1,525	1,525
Total Public Works.....	<u>459,985</u>	<u>459,985</u>	<u>401,717</u>	<u>(58,268)</u>
Total Expenditures.....	<u>3,086,112</u>	<u>3,243,593</u>	<u>3,108,475</u>	<u>(135,118)</u>
NET CHANGE IN FUND BALANCE.....	<u><u>\$ 37,148</u></u>	<u><u>\$ (262,333)</u></u>	(64,962)	<u><u>\$ 197,371</u></u>
FUND BALANCE, APRIL 1.....			<u>1,901,739</u>	
FUND BALANCE, MARCH 31.....			<u><u>\$ 1,836,777</u></u>	

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

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-SW TIF FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Property tax.....	\$ 400,000	\$ 524,100	\$ 493,010	\$ (31,090)
Sales Tax.....	300,000	489,000	577,983	88,983
TDD Sales Tax.....	400,000	400,000	270,706	(129,294)
CID Sales Tax.....	-	275,000	272,390	(2,610)
Investment Income.....	-	-	217	217
Total Revenues.....	<u>1,100,000</u>	<u>1,688,100</u>	<u>1,614,306</u>	<u>(73,794)</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	-	810,000	810,000	-
Interest and fiscal agent fees.....	<u>1,100,000</u>	<u>1,100,000</u>	<u>647,144</u>	<u>(452,856)</u>
Total Expenditures.....	<u>1,100,000</u>	<u>1,910,000</u>	<u>1,457,144</u>	<u>(452,856)</u>
NET CHANGE IN FUND BALANCE.....	<u>\$ -</u>	<u>\$ (221,900)</u>	157,162	<u>\$ 379,062</u>
FUND BALANCE, APRIL 1.....			<u>2,209,115</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 2,366,277</u>	

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

CITY OF ROCK HILL, MISSOURI
NOTES TO SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2017

1. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data:

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

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

	FISCAL YEAR ENDING MARCH 31,	
	2017	2016
Total Pension Liability (TPL)		
Service Cost.....	\$ 122,314	\$ 119,202
Interest on Total Pension Liability.....	263,215	252,091
Change in Benefit Terms.....	-	-
Assumption Changes.....	122,989	-
Experience Gains/Losses.....	62,288	(99,582)
Benefit Payments.....	(121,190)	(118,478)
Net Change in Total Pension Liability.....	449,616	153,233
Total Pension Liability-July 1.....	3,630,001	3,476,768
Total Pension Liability-June 30.....	\$ 4,079,617	\$ 3,630,001
Plan Fiduciary Net Position (FNP)		
Contributions - employer.....	129,004	130,640
Net Investment Income.....	(8,428)	77,425
Benefit Payments.....	(121,190)	(118,478)
Administrative Expenses.....	(4,459)	(4,660)
Other (Net Transfers).....	(33,703)	81,341
Net Change in Plan Fiduciary Net Position.....	(38,776)	166,268
Total Fiduciary Net Position-July 1.....	4,092,008	3,925,740
Total Fiduciary Net Position-June 30.....	\$ 4,053,232	\$ 4,092,008
Net Pension Liability (Asset)-June 30.....	\$ 26,385	\$ (462,007)
Plan fiduciary net position as a percentage of the total pension liability.....	99.35%	112.73%
Covered-employee payroll.....	\$ 1,672,879	\$ 1,493,000
Net pension liability as of a percentage of covered-employee payroll.....	1.58%	-30.95%
Sensitivity of Total Pension Liability to changes in the Discount Rate +/-1%.....		
Total Pension Liability (Discount Rate).....	4,079,617	3,630,001
Total Pension Liability (Discount Rate + 1%).....	3,579,651	3,206,161
Total Pension Liability (Discount Rate - 1%).....	4,687,452	4,137,445

Notes to Schedule:

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

See accompanying independent auditor's report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarial Determined Contributions.....	\$ 128,906	\$ 132,537	\$ 130,159	\$ 133,359	\$ 139,925	\$ 136,249	\$ 126,332	\$ 105,578	\$ 119,340	\$ 68,905
Actual Contributions Deposited.....	128,906	132,537	130,159	133,359	133,449	127,310	112,226	105,578	119,340	68,905
Annual Contribution Deficiency/(Excess).....	\$ -	\$ -	\$ -	\$ -	\$ 6,476	\$ 8,939	\$ 14,106	\$ -	\$ -	\$ -
Covered-employee Payroll.....	\$ 1,770,391	\$ 1,621,072	\$ 1,519,613	\$ 1,538,006	\$ 1,524,600	\$ 1,592,732	\$ 1,530,927	\$ 1,565,171	\$ 1,610,915	\$ 1,127,110
Contributions as a Percentage of Covered-employee Payroll.....	7.28%	8.18%	8.57%	8.67%	8.75%	7.99%	7.33%	6.75%	7.41%	6.11%

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method.....	Entry age normal and Modified Terminal Funding
Amortization method.....	Level percent of payroll, closed
Remaining amortization period.....	Multiple bases from 13 to 17 years
Asset valuation method.....	5 years smoothed market; 20% corridor
Inflation.....	3.25% age inflation; 2.50% price inflation
Salary increases.....	3.25% - 6.55%; including wage inflation
Investment rate of return.....	7.25%, net of investment and administrative expenses
Retirement age.....	Experience-based table of rates that are specific to the type of eligibility condition
Mortality.....	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.
Other information.....	Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
	New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

See accompanying independent auditor's report.

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

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

Notes to Schedule:

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarial Determined Contributions.....	\$ 199,227	\$ 199,227	\$ 199,227	\$ 251,551	\$ 251,551	\$ 293,522	\$ 293,522	\$ 260,954	\$ 260,954	\$ 236,769
Actual Contributions Deposited.....	150,000	150,000	275,000	-	210,325	216,269	280,000	142,000	237,000	236,769
Annual Contribution Deficiency/(Excess).....	<u>\$ 49,227</u>	<u>\$ 49,227</u>	<u>\$ (75,773)</u>	<u>\$ 251,551</u>	<u>\$ 41,226</u>	<u>\$ 77,253</u>	<u>\$ 13,522</u>	<u>\$ 118,954</u>	<u>\$ 23,954</u>	<u>\$ -</u>
Covered-employee Payroll.....	\$ 350,990	\$ 350,990	\$ 350,990	\$ 478,997	\$ 478,997	\$ 490,972	\$ 490,972	\$ 520,298	\$ 520,298	\$ 508,211
Contributions as a Percentage of Covered-employee Payroll.....	42.74%	42.74%	78.35%	0.00%	43.91%	44.05%	57.03%	27.29%	45.55%	46.59%

Notes to Schedule

Valuation date:

Actuarially determined contributions are calculated biennially as of May 1.

Methods and assumptions used to determine contribution rates:

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

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

ACTUARIAL ASSUMPTIONS

Assumptions for Active Employees:

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

Assumptions for Retired Employees:

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

See accompanying independent auditor's report.

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**OTHER SUPPLEMENTARY
INFORMATION**

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
COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2017

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Park Fund	Police Training Fund	Asset Forfeiture Fund	Sewer Lateral Fund	NW TIF Fund	
ASSETS						
Cash and investments.....	\$ 305,787	\$ 9,204	\$ 1,420	\$ 42,533	\$ 395,359	\$ 754,303
Receivables (net):						
Property tax	-	-	-	-	40,861	40,861
Municipal taxes	-	-	-	-	1,052	1,052
Other receivables.....	68,786	-	-	1,237	-	70,023
Prepaid items.....	789	-	-	-	-	789
TOTAL ASSETS.....	\$ 375,362	\$ 9,204	\$ 1,420	\$ 43,770	\$ 437,272	\$ 867,028
Liabilities						
Accounts payable.....	\$ 1,283	\$ -	\$ 1,420	\$ 1,860	\$ -	\$ 4,563
Wages payable.....	951	-	-	-	-	951
Advances from other funds.....	-	-	-	12,500	-	12,500
Total Liabilities.....	2,234	-	1,420	14,360	-	18,014
Deferred Outflows of Resources						
Unavailable revenue-property taxes	\$ -	\$ -	\$ -	\$ -	\$ 28,321	\$ 28,321
Total Deferred Outflows of Resources	-	-	-	-	28,321	28,321
Fund Balances						
Restricted for:						
Parks and stormwater.....	373,128	-	-	-	-	373,128
Police training.....	-	9,204	-	-	-	9,204
Sewer lateral.....	-	-	-	29,410	-	29,410
Tax increment financing.....	-	-	-	-	408,951	408,951
Total Fund Balances	373,128	9,204	-	29,410	408,951	820,693
TOTAL LIABILITIES FUND BALANCES.....	\$ 375,362	\$ 9,204	\$ 1,420	\$ 43,770	\$ 437,272	\$ 867,028

See accompanying independent auditor's report.

CITY OF ROCK HILL, MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2017

	Special Revenue Funds						Total Governmental Funds
	Park Fund	Police Training Fund	Asset Forfeiture Fund	Sewer Lateral Fund	NW TIF Fund		
REVENUES							
Property tax.....	\$ -	\$ -	\$ -	\$ -	\$ 14,235	\$	14,235
Sales tax.....	451,879	-	-	-	15,310		467,189
Park and recreation programs.....	5,529	-	-	-	-		5,529
Miscellaneous.....	-	11,494	-	60,212	-		71,706
Total Revenues.....	457,408	11,494	-	60,212	29,545		558,659
EXPENDITURES							
Current:							
Administration.....	-	-	-	-	88,687		88,687
Park and recreation.....	210,662	-	-	-	-		210,662
Police department.....	-	8,746	-	-	-		8,746
Capital outlay.....	37,373	-	2,555	41,895	-		81,823
Total Expenditures.....	248,035	8,746	2,555	41,895	88,687		389,918
REVENUES OVER(UNDER) EXPENDITURES	209,373	2,748	(2,555)	18,317	(59,142)		168,741
OTHER FINANCING SOURCES (USES)							
Transfers out.....	(275,000)	-	-	-	-		(275,000)
Total Other Financing Sources (Uses).....	(275,000)	-	-	-	-		(275,000)
NET CHANGE IN FUND BALANCES.....	(65,627)	2,748	(2,555)	18,317	(59,142)		(106,259)
FUND BALANCES, APRIL 1.....	438,755	6,456	2,555	11,093	468,093		926,952
FUND BALANCES, MARCH 31.....	\$ 373,128	\$ 9,204	\$ -	\$ 29,410	\$408,951	\$	820,693

See accompanying independent auditor's report.

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-PARK FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Sales tax - parks/stormwater.....	\$ 430,000	\$ 430,000	\$ 451,879	\$ 21,879
Intergovernmental:				
Grant income.....	315,000	315,000	-	(315,000)
Park and recreation programs.....	9,300	9,300	5,529	(3,771)
Total Revenues.....	<u>754,300</u>	<u>754,300</u>	<u>457,408</u>	<u>(296,892)</u>
EXPENDITURES				
Personnel services.....	200,879	200,879	193,042	(7,837)
Contracted services.....	4,632	4,632	5,162	530
Operating expenditures.....	13,750	13,750	12,458	(1,292)
Capital outlay.....	354,250	354,250	37,373	(316,877)
Total Expenditures.....	<u>573,511</u>	<u>573,511</u>	<u>248,035</u>	<u>(325,476)</u>
REVENUES OVER(UNDER)				
EXPENDITURES.....	<u>180,789</u>	<u>180,789</u>	<u>209,373</u>	<u>28,584</u>
OTHER FINANCING SOURCES (USES)				
Transfer out.....	(200,000)	(275,000)	(275,000)	-
Total Other Financing Sources (Uses).....	<u>(200,000)</u>	<u>(275,000)</u>	<u>(275,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE.....	<u>\$ (19,211)</u>	<u>\$ (94,211)</u>	<u>(65,627)</u>	<u>\$ 28,584</u>
FUND BALANCE, APRIL 1.....			<u>438,755</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 373,128</u>	

See accompanying independent auditor's report.

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-POLICE TRAINING FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Miscellaneous.....	\$ 14,000	\$ 14,000	\$ 11,494	\$ (2,506)
EXPENDITURES				
Current:				
Police department.....	22,372	22,372	8,746	(13,626)
NET CHANGE IN FUND BALANCE.....	<u>\$ (8,372)</u>	<u>\$ (8,372)</u>	2,748	<u>\$ 11,120</u>
FUND BALANCE, APRIL 1.....			<u>6,456</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 9,204</u>	

See accompanying independent auditor's report.

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-ASSET FORFEITURE FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Licenses, permits, fines and fees.....	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Police department - capital outlay.....	-	2,555	2,555	-
NET CHANGE IN FUND BALANCE.....	\$ -	\$ (2,555)	(2,555)	\$ -
FUND BALANCE, APRIL 1.....			2,555	
FUND BALANCE, MARCH 31.....			\$ -	

See accompanying independent auditor's report.

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-SEWER LATERAL FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Miscellaneous.....	\$ 60,750	\$ 60,750	\$ 60,212	\$ (538)
EXPENDITURES				
Current:				
Capital Outlay.....	54,000	54,000	41,895	(12,105)
NET CHANGE IN FUND BALANCE.....	<u>\$ 6,750</u>	<u>\$ 6,750</u>	18,317	<u>\$ 11,567</u>
FUND BALANCE, APRIL 1.....			<u>11,093</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 29,410</u>	

See accompanying independent auditor's report.

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-NW TIF FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Property tax.....	\$ 5,000	\$ 5,000	\$ 14,235	\$ 9,235
Sales Tax.....	8,000	8,000	15,310	7,310
Total Revenues.....	<u>13,000</u>	<u>13,000</u>	<u>29,545</u>	<u>16,545</u>
EXPENDITURES				
Current:				
Administration.....	388,000	388,000	88,687	(299,313)
Debt service:.....				
Interest.....	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Total Expenditures.....	<u>389,500</u>	<u>389,500</u>	<u>88,687</u>	<u>(300,813)</u>
NET CHANGE IN FUND BALANCE.....	<u><u>\$ (376,500)</u></u>	<u><u>\$ (376,500)</u></u>	<u>(59,142)</u>	<u><u>\$ 317,358</u></u>
FUND BALANCE, APRIL 1.....			<u>468,093</u>	
FUND BALANCE, MARCH 31.....			<u><u>\$ 408,951</u></u>	

See accompanying independent auditor's report.

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-DEBT SERVICE FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Property tax.....	\$ 384,710	\$ 720,000	\$ 793,244	\$ 73,244
Miscellaneous.....	500	500	-	(500)
Total Revenues.....	<u>385,210</u>	<u>720,500</u>	<u>793,244</u>	<u>72,744</u>
EXPENDITURES				
Debt service:				
Principal.....	225,000	435,000	435,000	-
Interest and fiscal charges.....	<u>160,034</u>	<u>285,159</u>	<u>284,795</u>	<u>(364)</u>
Total Expenditures.....	<u>385,034</u>	<u>720,159</u>	<u>719,795</u>	<u>(364)</u>
NET CHANGE IN FUND BALANCE.....	<u><u>\$ 176</u></u>	<u><u>\$ 341</u></u>	73,449	<u><u>\$ 73,108</u></u>
FUND BALANCE, APRIL 1.....			<u>274,187</u>	
FUND BALANCE, MARCH 31.....			<u><u>\$ 347,636</u></u>	

See accompanying independent auditor's report.

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-GENERAL CAPITAL PROJECTS FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Sales tax - capital improvement.....	\$ 363,000	\$ 363,000	\$ 373,777	\$ 10,777
Intergovernmental:				
Grant income.....	-	-	10,015	10,015
Investment income.....	-	-	443	443
Miscellaneous revenue.....	-	-	55	55
Total Revenues.....	<u>363,000</u>	<u>363,000</u>	<u>384,290</u>	<u>21,290</u>
EXPENDITURES				
Administration.....	196,521	196,521	191,569	(4,952)
Capital outlay.....	221,229	693,792	672,883	(20,909)
Debt Service:				
Interest.....	-	-	999	999
General obligation bond issuance cost.....	-	110,621	110,621	-
Total Expenditures.....	<u>417,750</u>	<u>1,000,934</u>	<u>976,072</u>	<u>(24,862)</u>
REVENUES OVER(UNDER)				
EXPENDITURES.....	<u>(54,750)</u>	<u>(637,934)</u>	<u>(591,782)</u>	<u>46,152</u>
OTHER FINANCING SOURCES (USES)				
Transfer out.....	(23,205)	(23,205)	-	23,205
Sale of capital assets.....	5,000	5,000	646	(4,354)
General obligations bonds issued.....	-	6,100,000	6,100,000	-
Premium on general obligation bonds issued....	-	-	592,194	592,194
Total Other Financing Sources (Uses).....	<u>(18,205)</u>	<u>6,081,795</u>	<u>6,692,840</u>	<u>611,045</u>
NET CHANGE IN FUND BALANCE.....	<u><u>\$ (72,955)</u></u>	<u><u>\$ 5,443,861</u></u>	<u>6,101,058</u>	<u><u>\$ 657,197</u></u>
FUND BALANCE, APRIL 1.....			<u>375,546</u>	
FUND BALANCE, MARCH 31.....			<u><u>\$ 6,476,604</u></u>	

See accompanying independent auditor's report.

CITY OF ROCK HILL, MISSOURI
SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-INFRASTRUCTURE CAPITAL PROJECTS FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Intergovernmental:				
Gasoline tax.....	\$ 123,000	\$ 123,000	\$ 130,260	\$ 7,260
Motor vehicle tax.....	60,000	60,000	55,018	(4,982)
Road and bridge.....	100,000	100,000	115,026	15,026
Grant income.....	266,933	266,933	305,839	38,906
Miscellaneous revenue.....	10,000	10,000	-	(10,000)
Total Revenues.....	<u>559,933</u>	<u>559,933</u>	<u>606,143</u>	<u>46,210</u>
EXPENDITURES				
Capital outlay.....	<u>1,323,899</u>	<u>1,489,399</u>	<u>1,424,906</u>	<u>(64,493)</u>
Total Expenditures.....	<u>1,323,899</u>	<u>1,489,399</u>	<u>1,424,906</u>	<u>(64,493)</u>
REVENUES OVER(UNDER)				
EXPENDITURES.....	<u>(763,966)</u>	<u>(929,466)</u>	<u>(818,763)</u>	<u>110,703</u>
OTHER FINANCING SOURCES (USES)				
Transfer in.....	<u>200,000</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>
Total Other Financing Sources (Uses).....	<u>200,000</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE.....	<u>\$ (563,966)</u>	<u>\$ (654,466)</u>	<u>(543,763)</u>	<u>\$ 110,703</u>
FUND BALANCE, APRIL 1.....			<u>786,379</u>	
FUND BALANCE, MARCH 31.....			<u>\$ 242,616</u>	

See accompanying independent auditor's report.

CITY OF ROCK HILL, MISSOURI
STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES-AGENCY FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Balance March 31, 2016	Additions	Deductions	Balance March 31, 2017
COURT BONDS				
ASSETS				
Cash - restricted.....	\$ 7,275	\$ 18,284	\$ 20,149	\$ 5,410
Liabilities				
Deposits payable.....	\$ 7,275	\$ 16,299	\$ 18,164	\$ 5,410

See accompanying independent auditor's report.

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**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.	68
Revenue Capacity These schedules contain to help the reader assess the City's most significant local revenue sources.	75
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.	80
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.	85
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.	87

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

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

	For The Years Ended March 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
			Restated	Restated		Restated				
Governmental Activities										
Net investment in capital assets.....	\$ 7,739,703	\$ 6,040,314	\$ 5,145,780	\$ 5,143,471	\$ 4,840,917	\$ 4,208,402	\$ 2,457,784	\$ 2,054,591	\$ 1,225,261	\$ 1,736,653
Restricted.....	9,121,091	7,281,433	2,676,982	2,437,373	2,209,690	5,196,270	1,623,477	1,049,064	795,665	489,787
Unrestricted (deficit).....	(28,867,224)	(26,495,439)	(20,478,430)	(20,863,671)	(18,774,601)	(21,271,210)	(13,415,543)	(12,691,709)	(12,384,732)	(12,680,248)
Total Governmental Activities Net Position.....	<u>\$ (12,006,430)</u>	<u>\$ (13,173,692)</u>	<u>\$ (12,655,668)</u>	<u>\$ (13,282,827)</u>	<u>\$ (11,723,994)</u>	<u>\$ (11,866,538)</u>	<u>\$ (9,334,282)</u>	<u>\$ (9,588,054)</u>	<u>\$ (10,363,806)</u>	<u>\$ (10,453,808)</u>

Source: Basic Financial Statements

GASB 65 was implemented in 2013

GASB 67 and 68 was implemented in 2015

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

	For The Years Ended March 31,					
	2017	2016	2015	2014	2013	2012
			Restated	Restated		Restated
					2011	2010
					2009	2008
EXPENSES						
Administration.....	\$ 930,244	\$ 789,683	\$ 749,246	\$ 1,763,689	\$ 841,141	\$ 897,961
Fire department.....	1,064,999	978,252	988,973	1,075,281	970,839	894,295
Housing department.....	19,348	22,425	45,168	49,795	35,535	75,067
Municipal court.....	153,314	159,665	156,804	158,376	144,443	124,764
Parks and recreation.....	235,426	242,355	231,874	146,359	136,525	126,532
Police department.....	1,060,747	959,073	1,002,792	963,025	969,445	939,677
Public works.....	725,860	745,081	674,002	785,776	720,896	605,242
Economic development.....	-	-	-	-	25,982	3,545,333
Interest on long-term debt and fiscal charges.....	1,807,321	2,951,941	1,495,317	2,000,744	1,527,335	1,513,982
Total Expenses.....	5,997,259	6,848,475	5,344,176	6,943,045	5,372,141	8,722,853
					4,927,309	4,551,737
					1,241,446	1,254,762
					5,080,809	5,947,319
PROGRAM REVENUES						
Charges for services: ^a						
Administration.....	249,341	218,260	218,092	231,516	193,375	184,877
Municipal court.....	422,021	439,518	547,833	525,694	-	-
Parks and recreation.....	5,529	7,986	11,351	10,453	9,823	10,571
Police department.....	12,274	17,050	15,685	14,650	660,923	424,683
Public works.....	-	-	-	-	54,471	54,516
Operating grants and contributions.....	371,257	364,094	332,642	333,694	273,754	283,439
Capital grants and contributions.....	305,839	520,393	57,602	117,479	403,918	983,179
Total Program Revenues.....	1,366,261	1,567,301	1,183,205	1,233,486	1,596,264	1,941,265
					996,728	1,252,115
					1,127,532	1,262,506
NET REVENUES (EXPENSES).....	(4,630,998)	(5,281,174)	(4,160,971)	(5,709,559)	(3,775,877)	(6,781,588)
					(3,930,581)	(3,299,622)
					(3,953,277)	(4,684,813)

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

	For the Years Ended March 31,									
FUNCTIONS/PROGRAMS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Administration.....	\$ 260,082	\$ 225,059	\$ 218,092	\$ 231,516	\$ 193,375	\$ 184,877	\$ 214,615	\$ 218,618	\$ 234,162	\$ 238,826
Fire department.....	-	15,000	-	700	-	237,500	-	61,682	5,160	-
Municipal court.....	422,021	439,518	547,833	525,694	-	-	-	-	-	-
Parks and recreation.....	5,529	14,386	11,351	17,354	136,373	33,971	7,612	9,491	5,485	162,295
Police department.....	12,274	17,050	42,281	20,302	664,842	434,419	438,010	456,909	547,467	507,688
Public works.....	666,355	856,288	363,648	437,920	601,674	1,050,498	336,491	505,415	335,258	353,697
Total Governmental Activities....	\$ 1,366,261	\$ 1,567,301	\$ 1,183,205	\$ 1,233,486	\$ 1,596,264	\$ 1,941,265	\$ 996,728	\$ 1,252,115	\$ 1,127,532	\$ 1,262,506

Source: Basic Financial Statements

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

	For The Years Ended March 31,									
	2017	2016	2015	2014	2013	Restated 2012	2011	2010	2009	2008
General Fund										
Nonspendable.....	\$ 58,867	\$ 77,630	\$ 112,448	\$ 135,414	\$ 132,688	\$ 139,114	\$ -	\$ -	\$ -	\$ -
Restricted.....	-	-	-	497,012	330,027	105,189	-	-	-	-
Assigned - Subsequent year's budget....	-	-	-	28,616	-	195,647	-	-	-	-
Unassigned.....	1,777,910	1,824,109	1,775,668	1,627,117	1,684,658	1,737,329	-	-	-	-
Reserved.....	-	-	-	-	-	-	-	6,375	-	47,771
Unreserved.....	-	-	-	-	-	-	2,421,465	2,526,544	2,381,441	1,676,434
Total General Fund.....	\$ 1,836,777	\$ 1,901,739	\$ 1,888,116	\$ 2,288,159	\$ 2,147,373	\$ 2,177,279	\$ 2,421,465	\$ 2,532,919	\$ 2,381,441	\$ 1,724,205
All other governmental funds										
Restricted for:										
Capital projects.....	\$ 6,719,220	\$ 1,161,925	\$ 1,625,836	\$ 1,852,384	\$ 2,407,988	\$ 3,512,985	\$ -	\$ -	\$ -	\$ -
Debt service.....	347,636	274,187	254,701	303,188	373,795	434,858	-	-	-	-
Law enforcement.....	-	2,555	-	3,868	8,034	-	-	-	-	-
Parks and stormwater.....	373,128	438,755	392,257	-	-	-	-	-	-	-
Police training.....	9,204	6,456	16,356	15,092	12,223	4,605	-	-	-	-
Sewer Lateral.....	29,410	11,093	32,763	11,741	4,084	22,043	-	-	-	-
Tax Increment Financing.....	2,775,228	2,677,208	972,413	1,026,833	1,081,487	1,116,590	-	-	-	-
Reserved.....	-	-	-	-	-	-	87,223	87,342	87,335	88,576
Unreserved, reported in:										
Capital Projects Funds.....	-	-	-	-	-	-	317,198	(41,346)	-	-
Special Revenue Funds.....	-	-	-	-	-	-	1,524,415	1,309,809	1,021,314	515,677
Total All Other Governmental Funds.....	\$ 10,253,826	\$ 4,572,179	\$ 3,294,326	\$ 3,213,106	\$ 3,887,611	\$ 5,091,081	\$ 1,928,836	\$ 1,355,805	\$ 1,108,649	\$ 604,253

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES:										
Property taxes.....	\$ 1,596,209	\$ 1,227,325	\$ 860,002	\$ 1,056,616	\$ 1,091,603	\$ 1,155,633	\$ 1,368,825	\$ 1,295,109	\$ 1,172,574	\$ 806,708
Gross receipts taxes.....	810,965	795,567	851,530	877,088	861,544	849,723	833,792	914,252	813,280	931,999
Sales tax.....	3,150,206	2,697,840	2,217,492	2,158,184	1,983,516	2,200,157	1,874,108	1,824,338	1,830,656	1,983,143
Licenses, permits, fines and fees.....	673,085	673,462	760,854	772,181	819,150	600,294	636,952	661,038	779,645	742,936
Intergovernmental.....	638,863	823,715	352,051	295,796	690,358	1,256,402	303,442	303,975	304,252	317,399
Investment income.....	8,337	10,453	26,240	26,285	26,345	26,621	24,105	19,033	30,843	49,898
Miscellaneous.....	122,490	135,355	127,286	222,095	109,746	126,758	129,932	336,483	195,325	325,683
Total Revenues.....	7,000,155	6,363,717	5,193,455	5,408,245	5,582,262	6,215,588	5,171,156	5,354,228	5,126,575	5,157,766
EXPENDITURES:										
Administration.....	867,205	752,510	735,528	676,900	785,039	807,756	900,424	696,273	827,509	767,125
Fire department.....	972,092	930,687	891,390	867,379	866,722	818,660	792,533	819,402	770,806	737,679
Housing department.....	20,422	22,995	44,851	48,673	35,205	79,631	85,522	82,790	83,911	78,184
Municipal court.....	150,564	158,064	154,698	166,321	141,896	123,489	117,830	155,965	157,459	154,126
Parks and recreation.....	210,662	207,170	206,517	117,095	122,187	115,751	119,522	111,847	110,631	113,762
Police department.....	982,930	957,421	920,900	938,699	970,295	910,874	852,300	849,745	882,540	836,600
Public works.....	400,192	378,221	387,787	461,299	523,286	459,138	442,792	419,425	438,321	407,531
Economic development.....	-	-	-	-	25,982	3,545,333	-	-	268,923	1,266,583
Capital outlay.....	2,183,684	1,719,077	1,059,894	1,410,542	2,105,651	2,126,698	297,412	832,718	1,092,450	971,296
Debt service:										
Principal.....	1,245,000	236,784	238,276	247,985	414,959	674,478	258,914	163,923	635,391	268,750
Interest.....	932,938	4,706,650	874,647	1,007,431	836,458	4,822,514	682,677	824,821	445,315	269,659
General obligation bonds issuance cost.....	110,621	-	-	-	-	-	-	-	-	-
Total Expenditures.....	8,076,310	10,069,579	5,514,488	5,942,324	6,827,680	14,484,322	4,549,926	4,956,909	5,713,256	5,871,295
REVENUES OVER (UNDER)										
EXPENDITURES.....	(1,076,155)	(3,705,862)	(319,033)	(534,079)	(1,245,418)	(8,268,734)	621,230	397,319	(586,681)	(713,529)
OTHER FINANCING SOURCES (USES)										
Transfers in.....	275,000	175,020	1,130,276	33,455	-	-	-	141,221	205,418	171,950
Transfers out.....	(275,000)	(175,020)	(1,130,276)	(33,455)	-	-	-	(141,221)	(205,418)	(171,950)
Sale of capital assets.....	646	13,849	210	361	8,000	12,143	10,347	1,315	1,449,866	-
Bond issuance costs.....	-	(713,263)	-	-	-	(77,176)	(43,834)	-	-	-
Payment to refunded bond escrow agent.....	-	(18,812,199)	-	-	-	-	(170,000)	-	-	-
Issuance of long-term debt.....	6,100,000	24,508,951	-	-	-	22,757,037	1,750,000	-	298,447	1,376,730
Refunding of long-term debt.....	-	-	-	-	-	(11,600,000)	(1,752,194)	-	-	-
Premium of long-term debt.....	592,194	-	-	-	-	74,209	46,028	-	-	-
Total Other Financing Sources (Uses).....	6,692,840	4,997,338	210	361	8,000	11,166,213	(159,653)	1,315	1,748,313	1,376,730
NET CHANGES IN FUND BALANCES.....	\$ 5,616,685	\$ 1,291,476	\$ (318,823)	\$ (533,718)	\$ (1,237,418)	\$ 2,897,479	\$ 461,577	\$ 398,634	\$ 1,161,632	\$ 663,201
Debt service as a percentage of noncapital expenditures.....	38.3%	58.1%	24.2%	26.3%	26.0%	44.8%	25.6%	24.0%	23.0%	10.9%

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
2017	\$ 1,596,209	\$ 3,150,206	\$ 810,965	\$ 638,863	\$ 6,196,243
2016	1,227,325	2,697,840	795,567	823,715	5,544,447
2015	860,002	2,217,492	851,530	352,051	4,281,075
2014	1,056,616	2,158,184	877,088	295,796	4,387,684
2013	1,091,603	1,983,516	861,544	690,358	4,627,021
2012	1,155,633	2,200,157	849,723	1,256,402	5,461,915
2011	1,368,825	1,874,108	833,792	303,442	4,380,167
2010	1,295,109	1,824,338	914,252	303,975	4,337,674
2009	1,172,574	1,830,656	813,280	304,252	4,120,762
2008	806,708	1,983,143	931,999	317,399	4,039,249

Source: Basic Financial Statements

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

For The Years Ended December 31,	Residential Real Property	Commercial Real Property	Personal Property	Total		Total Direct Tax	Estimated Actual Value
				Assessed	Value		
2016	\$ 64,089,140	\$ 30,835,632	\$ 13,571,681	\$ 108,496,453		1.089 *	\$ 474,391,728
2015	63,757,460	29,649,703	12,490,838	105,898,001		0.673 *	465,697,162
2014	61,666,940	27,653,768	12,232,848	101,553,556		0.669 *	447,683,081
2013	61,726,670	29,035,621	12,075,586	102,837,877		0.668 *	451,843,907
2012	61,525,190	26,849,342	11,587,164	99,961,696		0.681 *	442,485,952
2011	61,950,700	26,313,520	10,307,790	98,572,010		0.658 *	439,212,528
2010	61,755,690	27,140,590	11,341,980	100,238,260		0.719 *	443,873,634
2009	61,737,790	26,987,790	12,156,200	100,881,780		0.380 *	445,744,828
2008	66,653,560	27,805,080	12,470,920	106,929,560		0.380 *	475,115,587
2007	66,301,250	22,690,750	11,677,570	100,669,570		0.380 *	454,898,755

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 2007 through 2016 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 CALENDAR YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City of Rock Hill Direct Rates:										
General Fund.....	0.2938	0.2926	0.2890	0.2880	0.3010	0.2780	0.3390	0.2550	0.1840	0.1700
Debt Service.....	0.7950	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800
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.....	0.1030	0.1030	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050
St. Louis County.....	0.4120	0.4120	0.4180	0.4180	0.4180	0.4180	0.4180	0.4180	0.4530	0.4530
St. Louis Community College.....	0.2176	0.2176	0.2200	0.2200	0.2200	0.2200	0.2179	0.2136	0.2013	0.2003
Special School District.....	1.2348	1.2348	1.2609	1.2400	0.1012	1.0125	0.9950	0.9384	0.9184	0.9084
Metro Zoo.....	0.2777	0.2777	0.2797	0.2797	0.2684	0.2671	0.2546	0.2493	0.2344	0.2330
Sheltered Workshop.....	0.0880	0.0880	0.0900	0.0890	0.0840	0.0840	0.0790	0.0740	0.0690	0.0700
Rock Hill Library.....	0.2820	0.2820	0.2910	0.2900	0.2850	0.2700	0.2670	0.2590	0.2390	0.2410
Metro Sewer District*	0.0876	0.0876	0.0879	0.0874	0.0635	0.0818	0.0790	-	-	0.0667
Deer Creek Sewer*	0.0830	0.0830	0.0860	0.0860	0.0840	0.0840	0.0810	-	-	0.0600
Webster Groves School District.....	5.6722	5.6722	5.8584	5.8576	5.7588	5.7555	5.5775	4.8612	4.6149	4.5669

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

^aProperty 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

	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
Market at McKnight (Novus).....	\$ 5,920,230	1	5.46%	\$ -		0.00%
Stanford Court Apartments, LLC.....	2,247,980	2	2.07%	2,256,060	1	2.24%
Missouri American Water Co.....	1,426,970	3	1.32%	1,017,230	6	1.01%
Novus Crestwood LLC.....	1,352,220	4	1.25%			0.00%
Waltrust Properties, INC.....	1,244,000	5	1.15%	588,130	9	0.58%
Missouri CVS Pharmacy LLC.....	1,109,980	6	1.02%			-
EZ Storage Rock Hill LLC.....	1,095,110	7	1.01%			-
CS3 BP Associates LLC.....	1,020,390	8	0.94%			-
900 Rock Hill Partners LLC.....	774,720	9	0.71%			-
Refrigeration Supplies Inc.....	771,790	10	0.71%	521,500	10	0.52%
Eighteen Investments.....	-		-	1,560,910	2	1.55%
McKnight Development LLC.....	-		-	1,553,830	3	1.54%
Rock Hill Partnership.....	-		-	1,272,030	4	1.26%
Colonial Square Associates.....	-		-	1,069,150	5	1.06%
GBC Enterprises, LLC.....	-		-	961,060	7	0.95%
Keebler Crossing Inc.....	-		-	874,170	8	0.87%
	<u>\$ 16,963,390</u>		<u>15.64%</u>	<u>\$ 11,674,070</u>		<u>11.58%</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	Total Collections As Percent of Levy	Outstanding Delinquent Taxes^a	Outstanding Delinquent Taxes As of Levy
2017	2016	\$ 1,117,107	\$ 910,263	81.48%	\$ -	\$ 910,263	81.48%	\$ 167,473	14.99%
2016	2015	674,586	559,612	82.96%	87,520	647,132	95.93%	11,067	1.64%
2015	2014	662,669	570,141	86.04%	76,414	646,555	97.57%	6,006	0.91%
2014	2013	666,551	547,842	82.19%	92,414	640,256	96.06%	3,597	0.54%
2013	2012	643,595	501,623	77.94%	67,759	569,382	88.47%	1,498	0.23%
2012	2011	606,765	519,970	85.70%	85,842	605,812	99.84%	113	0.02%
2011	2010	607,736	500,923	82.42%	100,907	601,830	99.03%	-	0.00%
2010	2009	604,250	500,832	82.88%	98,935	599,767	99.26%	2,191	0.36%
2009	2008	575,947	491,519	85.34%	78,435	569,954	98.96%	18	0.00%
2008	2007	552,458	468,435	84.79%	80,922	549,357	99.44%	17	0.00%

Source: St. Louis County Collector's office.

^a As of March 31, 2017

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

For The Years Ended March 31,	Regular Sales Tax	Capital Improvement	Stormwater and Parks	Fire Protection	Transportation Development District	Community Improvement District	Total
2017	\$ 1,340,427	\$ 475,622	\$ 527,637	\$ 263,424	\$ 270,706	\$ 272,390	\$ 3,150,206
2016	1,289,111	416,066	485,309	243,049	205,813	58,492	2,697,840
2015	1,057,857	385,139	433,693	216,847	123,956	-	2,217,492
2014	1,000,445	370,397	414,038	207,020	166,284	-	2,158,184
2013	966,890	345,855	382,967	191,677	96,127	-	1,983,516
2012	951,598	358,375	395,955	198,084	296,145	-	2,200,157
2011	950,050	348,880	383,407	191,771	-	-	1,874,108
2010	986,739	304,262	355,055	178,282	-	-	1,824,338
2009	934,370	326,086	379,462	190,738	-	-	1,830,656
2008	990,243	359,992	421,942	210,966	-	-	1,983,143

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		Certificates of Participation	Capital Leases					
		Increment Revenue Bonds	Increment Revenue Notes							
2017	\$ 10,634,605	\$ 15,373,912	\$ 8,337,701	\$ -	-	\$ -	\$ 34,346,218	21.7%	\$ 7,405	
2016	4,415,675	16,174,974	8,337,701	-	-	-	28,928,350	19.8%	6,231	
2015	4,643,570	-	18,812,199	-	-	16,783	23,472,552	16.0%	5,064	
2014	4,866,465	-	18,812,199	-	-	40,060	23,718,724	16.2%	5,117	
2013	5,084,360	-	18,812,199	-	-	78,044	23,974,603	16.7%	5,173	
2012	5,188,739	173,400	18,812,199	-	-	114,603	24,288,941	17.3%	5,240	
2011	1,787,405	310,100	11,600,000	-	-	27,543	13,725,048	11.6%	2,961	
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	

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, Net^a	Percentage of Estimated Actual Value of Property^b	Per Capita^c
2017	\$ 10,289,999	2.2%	\$ 2,219
2016	4,140,561	0.9%	892
2015	4,388,591	1.0%	947
2014	5,563,277	1.2%	1,200
2013	4,710,565	1.1%	1,016
2012	4,753,881	1.1%	1,026
2011	1,700,182	0.4%	367
2010	1,987,658	0.5%	434
2009	2,205,000	0.5%	478
2008	2,330,000	0.5%	501

Source: Basic Financial Statements

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

^a General obligation bonds are presented net of restricted net position for debt services for fiscal years 2010 - 2017.

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

^c See Demographics and Economic Statistics Table.

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

	March 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limit.....	\$ 10,849,645	\$ 10,589,800	\$ 10,155,356	\$ 10,283,788	\$ 9,996,170	\$ 9,857,201	\$ 10,023,826	\$ 10,088,178	10,692,956	10,066,957
Net debt applicable to debt limit.....	10,000,000	4,335,000	4,555,000	4,770,000	4,980,000	5,185,000	1,725,000	2,075,000	2,205,000	2,330,000
Legal Debt Margin.....	\$ 849,645	\$ 6,254,800	\$ 5,600,356	\$ 5,513,788	\$ 5,016,170	\$ 4,672,201	\$ 8,298,826	\$ 8,013,178	\$ 8,487,956	\$ 7,736,957
Legal debt margin as a percentage of the debt limit.....	92.17%	40.94%	44.85%	46.38%	49.82%	52.60%	17.21%	20.57%	20.62%	23.15%

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, 2017

Name Of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
St. Louis County.....	\$ 96,850,000	0.5%	\$ 484,250
Webster Groves School District.....	52,949,001	17.0%	9,001,330
Subtotal, Overlapping Debt.....	149,799,001		9,485,580
City of Rock Hill			
General obligation bonds.....	\$ 10,634,605	100.0%	\$ 10,634,605
Tax increment financing bonds and notes....	23,711,612	100.0%	23,711,612
Subtotal, Direct Debt.....	34,346,217		34,346,217
Total Direct And Overlapping Debt.....	<u>\$ 184,145,218</u>		<u>\$ 43,831,797</u>

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

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

Tax Increment Financing Revenue Bonds and Notes

For The Years Ended March 31,	Property Tax	Sales Tax	Investment Income	Less		Net Available Revenues	Debt Service		
				Operating Expenditures			Principal	Interest	Coverage ^a
2017	\$ 493,010	\$1,121,079	\$ 217	\$ -		\$ 1,614,306	\$ 810,000	\$ 647,144	110.79%
2016 ^b	450,079	735,851	1,024	2,118		1,184,836	-	4,538,463	26.11%
2015	265,475	379,909	13	7,105		638,292	-	701,115	91.04%
2014	376,433	381,156	8	4,027		753,570	-	825,648	91.27%
2013	427,518	317,089	29	7,144		737,492	173,400	653,310	89.21%
2012	535,204	538,782	33	9,948		1,064,071	437,096	709,687	92.79%
2011	544,651	315,675	26	37,487		822,865	63,100	616,286	121.12%
2010	682,873	180,381	31	3,602		859,683	-	718,685	119.62%
2009	108,217	39,488	1,362	2,926		146,141	-	126,441	115.58%
2008	109,885	46,326	6,705	4,389		158,527	140,000	18,444	100.05%

Source: Basic Financial Statements

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

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

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

For The Years Ended March 31,	Population ^a	Median Household Income ^b	Personal Income ^a	Per Capita Income ^a	Webster Groves School District Enrollment	Unemployment Rate ^b
2017	4,638	\$ 58,510	\$ 158,202,800	\$ 32,956	4,441	5.9
2016	4,643	53,842	146,498,445	31,805	4,419	4.3
2015	4,635	52,652	146,498,445	31,607	4,706	5.6
2014	4,635	53,144	146,498,445	31,607	4,578	7.7
2013	4,635	56,827	143,615,475	30,985	4,327	7.3
2012	4,635	58,232	140,694,400	30,263	4,508	7.4
2011	4,635	47,869	117,886,104	25,803	4,248	9.4
2010	4,579	47,869	118,151,937	25,803	4,175	9.6
2009	4,609	47,869	118,926,027	25,803	4,192	8.6
2008	4,653	47,869	120,061,359	25,803	4,132	5.5

^a Source: City-Data Com

^b Source: U.S. Bureau of Census

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

Employer	2017		2008	
	Employees	Rank	Employees	Rank
Woodward Cleaning & Restoration, Inc.....	256	1	NA	NA
Webster Groves School District.....	104	2		
Hacienda Mexican Restaurant.....	94	3		
ARCO/Murray Corporate Services, Inc.....	88	4		
Lucky's Market.....	80	5		
W. Schiller & Co., Inc.....	69	7		
Millman Lumber Co.....	71	6		
RSI Kitchen and Bath.....	46	8		
Bandana's BBQ.....	41	10		
Stein Mart.....	45	9		
Goddard School.....	37	11		
	<u>931</u>		<u>NA</u>	

Source: The above named companies

Note:

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

Percentage of total city employment column has been omitted for both 2016 and 2007 because accurate information is unavailable

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

FUNCTIONS/PROGRAMS	Full-Time Equivalent Employees As Of March 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government:										
Administration.....	3	2	2	2	2	3	3	3	3	3
Fire department.....	10	10	10	9.5	9	10	10	10	10	10
Housing department.....	1	1	1	1	1	1	1	1	1	1
Municipal court.....	2	2	2	2	2	1	1	1	2	2
Parks and recreation.....	1	1	1	1	1	1	1	1	1	1
Police department.....	11	13	11.8	11.5	12	10	10	10	10	10
Public works.....	6	6	6	6	6	5	5	5	5	5

Source: City payroll records

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

FUNCTIONS/PROGRAMS	As Of March 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police department:										
Average number of calls per month.....	430	457	443	450	436	400	497	477	443	422
Average number of arrests per month.....	20	22	27	25	27	40	23	20	25	24
Number of crime incidences reported.....	1098	1055	1043	517	468	540	532	420	540	568
Fire department:										
Average number of fire calls per month.....	87	75	87	80	76	75	84	76	74	64
Housing/building inspections:										
Number of permits:										
Building (decks, porches, roofs, garages)	21	25	10	13	17	19	25	22	25	6
Driveways.....	12	4	3	7	4	15	6	12	8	10
Fences.....	21	34	29	26	9	24	20	17	18	22
Residential.....	242	169	203	197	98	148	151	172	142	201
Commercial.....	80	14	86	88	45	78	59	83	63	152
Cost of construction ^a :										
Building (decks, porches, roofs, garages)	\$ 123,400	\$ 121,300	\$ 70,344	\$ 54,000	\$ 150,984	\$ 85,350	\$ 155,915	\$ 183,521	\$ 82,605	\$ 8,150
Driveways.....	\$ 74,600	\$ 27,000	\$ 45,500	\$ 40,500	\$ 17,713	\$ 73,600	\$ 25,778	\$ 41,965	\$ 24,000	\$ 30,000
Fences.....	\$ 55,000	\$ 134,800	\$ 90,833	\$ 51,000	\$ 9,400	\$ 44,200	\$ 49,486	\$ 28,538	\$ 27,000	\$ 33,000
Residential.....	\$ 3,400,686	\$ 3,716,570	\$ 2,030,342	\$ 1,065,111	\$ 3,482,112	\$ 1,019,311	\$ 389,811	\$ 1,464,143	\$ 878,368	\$ 1,962,143
Commercial.....	\$ 1,821,030	\$ 4,439,652	\$ 5,280,222	\$ 4,987,191	\$ 1,160,862	\$ 7,350,637	\$ 651,143	\$ 1,799,744	\$ 1,672,746	\$ 2,259,882
Finance and administration:										
Business licenses issued (August 1).....	63	71	71	67	67	68	65	64	55	60
Merchant licenses issued (August 1).....	91	93	94	94	100	104	101	118	105	104
Liquor licenses issued (July 1).....	20	16	17	19	15	17	16	15	15	18

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	3	3	3	4	4
Police department:										
Vehicles.....	6	6	6	6	6	6	7	8	8	8
Public works:										
Vehicles.....	6	6	6	5	5	5	5	6	6	6
Area of City (square miles).....	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Miles of streets.....	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5
Number of streets.....	87	87	87	87	87	87	87	87	87	88
Number of street lights.....	327	327	327	327	327	327	327	325	335	335
Housing/building inspector:										
Vehicles.....	-	-	-	-	1	1	1	1	2	1
Other City owned property:										
Public works facility.....	1	1	1	1	1	1	1	1	1	1
City hall facilities (buildings).....	-	-	-	-	-	-	-	-	-	-
Park/pre-school building.....	-	-	-	-	1	1	1	1	1	1
Other property (parcels).....	3	3	3	3	3	3	3	3	3	8

Source: City records - various departments listed