

# The City of North Myrtle Beach South Carolina



**Comprehensive Annual Financial Report  
for Fiscal Year ended June 30, 2010**



CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2010

Issued by: Department of Finance  
Randy J. Wright, Director

**CITY OF NORTH MYRTLE BEACH**

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

**CITY OF NORTH MYRTLE BEACH**



December 17, 2010

To the Honorable Mayor, Members of City Council, and Citizens of North Myrtle Beach:

We are pleased to present the Comprehensive Annual Financial Report of the City of North Myrtle Beach, South Carolina for the Fiscal Year Ended June 30, 2010. This report has been prepared in conformity with generally accepted accounting principle (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accounting firm.

Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of North Myrtle Beach. We believe the enclosed is accurate in all material aspects, and that it is presented in a manner designed to fairly set forth the financial position and results of operation of the various funds of the government in accordance with accounting principles generally accepted in the United States of America GAAP; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included. To provide a reasonable basis for making these representations, management of the City of North Myrtle Beach has established a comprehensive internal control framework. This framework is designed to protect the government's assets as well as provide sufficient reliable information for preparation of its financial statements. Because the costs of internal controls should not outweigh their benefits, the City of North Myrtle Beach's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

In accordance with Section 5-13-30 of the South Carolina Code of Laws, an annual audit was performed by Robert E. Milhous, C.P.A.; P.A., a firm of licensed certified public accounts. The goal of the independent audit was to provide reasonable assurance that the Financial Statements are free of material misstatement. The auditor's report in the Financial Section provides a discussion of the audit and its procedures. The independent auditor has rendered an unqualified opinion that the City of North Myrtle Beach's financial statements for the fiscal year ended June 30, 2010, are fairly presented in accordance with GAAP.

Additional information as well as an overview and analysis of the City's financial position and statements can be found in the Management's Discussion and Analysis section of this report. This analysis is located after the Auditor's Opinion.

## **PROFILE OF THE GOVERNMENT**

The City of North Myrtle Beach is located on the Atlantic Ocean and encompasses the northeastern section of the South Carolina coastal beach area known as the Grand Strand. North Myrtle Beach operates in and is governed by the laws of the State of South Carolina and also by its own charter, which was first adopted by the electorate

on May 7, 1968. The charter provides for a Council-Manager form of government. Legislative authority is vested in the Mayor and six Council members; provided, one council member shall be a resident of the Crescent Beach Ward, one a resident of the Cherry Grove Ward, one a resident of the Ocean Drive Ward, and one a resident of the Windy Hill Ward. The terms of office are for four years each. The present term for council members from the Cherry Grove and Crescent Beach Wards will expire during November 2011. The present term of the Mayor and the councilmembers from the Ocean Drive and Windy Hill Wards will expire during November 2013. The two at-large councilmembers were added November 2001 – they both have a four-year term and one will expire during November 2012 while the other will be November 2013. The Mayor and Council enact ordinances and resolutions relating to City services, levy of taxes, appropriation and borrowing, licensing and regulating of businesses and trades, and other municipal purposes.

The City of North Myrtle Beach provides a full range of services, including police and fire protection; the construction and maintenance of streets, drainage, and other infrastructure; and recreational activities, and cultural events. Water, sewer, and solid waste are provided by the government through enterprise funds.

The annual budget serves as the foundation for the City of North Myrtle Beach's financial planning and control. All departments of the City are required to submit requests for appropriation to the Finance Department on or before the first week of January each year. The Finance Department uses these requests as the starting point for developing a proposed budget. The government's manager then reviews this proposed budget and makes adjustments to be presented to Council at the annual budget retreat held the beginning of March. The Council then makes any suggestion or changes in programs and policy and instructs staff to provide a budget document by the end of April, sixty days prior to the beginning of the fiscal year. Council then holds a public hearing and as soon thereafter as possible, adopts a budget and passes a tax levy ordinance and such other ordinances as may be required to make the budget effective. The appropriated budget is adopted by total expenditures. Detail is provided for accounting and budgetary control. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 50 through 52 as part of the basic financial statements for the governmental funds.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Economic Condition and Outlook**

The City of North Myrtle Beach is located on the Atlantic Ocean and encompasses the northeastern section of the South Carolina coastal beach area known as the Grand Strand. The near term economic outlook appears to be slow growth from the 2009 level. Indicators such as water usage, hospitality fees, and accommodations tax receipts are growing at a 3 to 5% rate above the previous fiscal year. Other factors such as property taxes continue to show an ever-increasing tax base as of this writing.

The construction industry is the one area that has experienced a significant slow down from previous years. A total of \$42,858,791 of permitted construction has occurred over the first five months of FY 2011. This represents a decrease of 13% under the previous fiscal year. Major development continues to occur throughout the City, with continued development of Barefoot Landing Resort which encompasses 5 square miles on the west side of the Intracoastal Waterway, and the redevelopment of the Gator Hole Golf Course and ocean front property. Citywide construction has slowed significantly, but single family residential construction is still occurring at a reasonable pace.

The long-term economic outlook for the City of North Myrtle Beach is positive. The community continues to be a highly visited vacation spot which offers popular attractions such as golf, the beach, entertainment, and shopping. Also, the recent addition of major roads such as Route 22 and 31 in the area has opened up new areas for development as well as provided alternative routes in order to alleviate some traffic congestion.

The City recently annexed approximately 1,350 acres along Route 31 and east to the Intracoastal Waterway. Even though no development is currently underway within this annexation, it will provide the City of North

Myrtle Beach with a large commercial district that will develop over the next several years. This annexation is extremely positive for future growth after the current recession begins to end.

Another factor that will provide significant tourist dollars over the next several years is sports tourism. The City has a commitment from 108 Division II softball teams to conduct their spring training programs in North Myrtle Beach starting in 2011. The City is pursuing other sports tourism agreements as well.

General Fund Revenues are projected to remain stable to slightly higher through 2011. No additional bond issues are budgeted at this time, but should the opportunity to expand sports tourism arise, the City has the financial leverage to buy property and build the necessary facilities to accommodate new opportunities such as soccer and lacrosse.

### **Long-Term Financial Planning**

The annexation of the 1,350 acres will greatly enhance the City's revenue picture over the long run. Few annexations are along a future interstate like the Parkway Group annexation with an already existing interchange. This annexation will provide the City with a commercial district that has the potential to bring in major retail businesses along with the many ancillary businesses that accompany them.

Even though the economy took a major hit in 2008 and 2009, the City was able to maintain a 35% Fund Balance. This was done by reducing expenditure in proportion to revenues. This management process will continue as long as the overall economy remains weak. Current projection is a reasonable surplus for the current fiscal year.

### **GFOA CERTIFICATE OF ACHIEVEMENT**

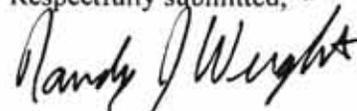
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Myrtle Beach, South Carolina for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2009. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports 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 our current report continues to conform to the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for Fiscal Year 2010.

### **ACKNOWLEDGEMENTS**

The preparation of this report could not be accomplished without the dedicated endeavors of the Accounting Division. We would like to express our appreciation to all staff members, especially Assistant Finance Director, Diane Shell; Accounting Supervisor, Jamie Baker; Enterprise Accountant, Lauren Richardson; and Administrative Assistant, Lindsey Gore, who have assisted and contributed to its preparation. Further appreciation is extended to the Mayor and City Council and City Manager for their encouragement, assistance, and approval. It is a real pleasure to work for a group of people who encourage and support the sound financial operation and reporting of the City.

Respectfully submitted, -



Randy J. Wright, CPA, CPFO, CGFM  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Myrtle Beach  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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



President

Executive Director

City of North Myrtle Beach, South Carolina

**PRINCIPAL OFFICIALS**

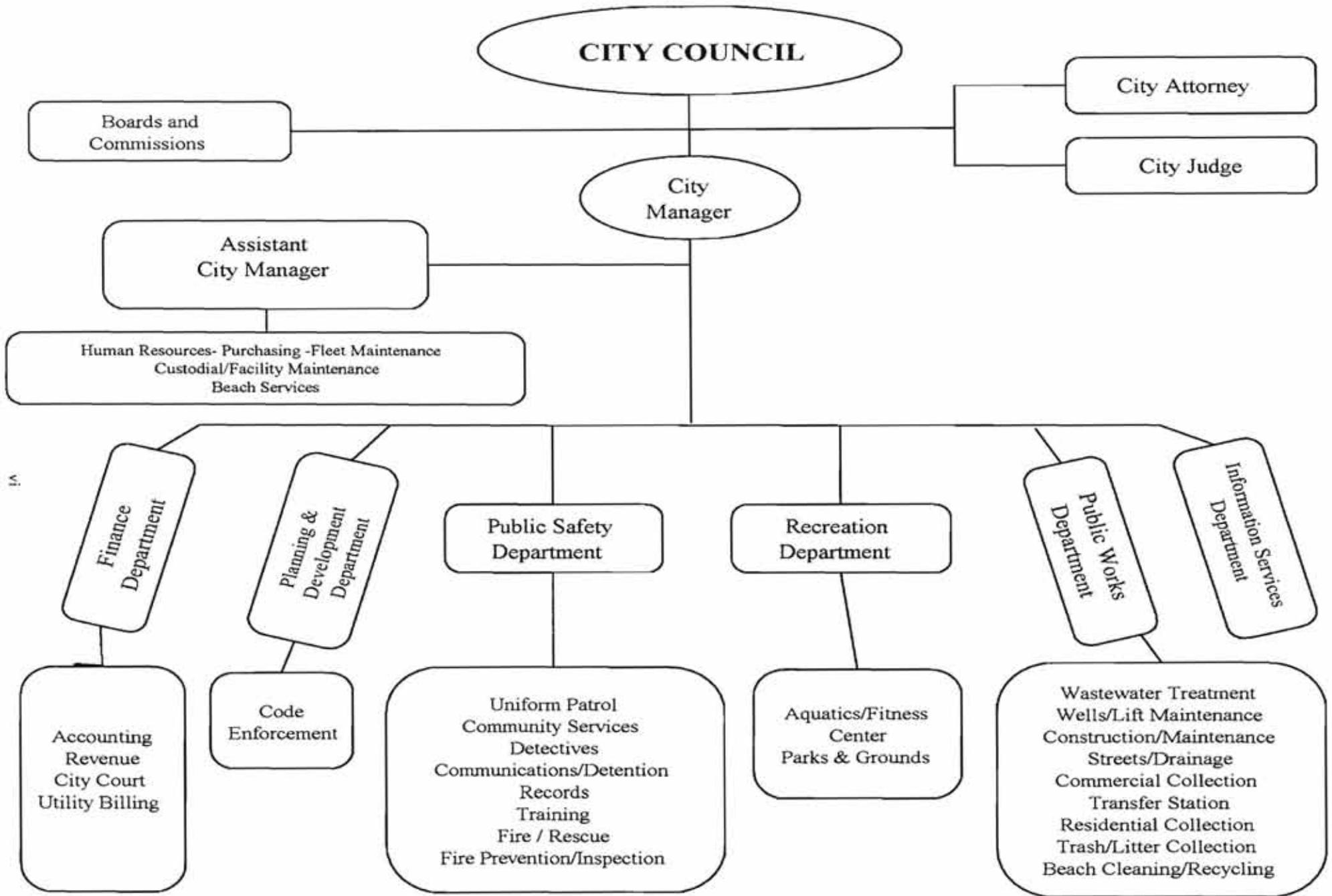
June 30, 2010

Elected

Mayor ..... Marilyn B. Hatley  
Councilmember, Cherry Grove Ward ..... Doris Williams  
Councilmember, Crescent Beach Ward ..... Jay Baldwin  
Councilmember, Ocean Drive Ward ..... Terry White  
Councilmember, Windy Hill Ward ..... Greg Duckworth  
Councilmember, At-Large ..... Bob Cavanaugh  
Councilmember, At-Large ..... Hank Thomas

Appointed

City Manager ..... John H. Smithson  
Assistant City Manager ..... Steve Thomas  
Finance Director ..... Randy J. Wright  
Information Services Director ..... Patrick Wall, Jr.  
Parks and Recreation Director ..... John Bullard  
Planning and Development Director ..... James W. Wood  
City Engineer/Public Works Director ..... Kevin D. Blayton  
Public Safety Director (Acting) ..... Richard J. Buddelmeyer



FINANCIAL SECTION

**CITY OF NORTH MYRTLE BEACH**

REPORT OF INDEPENDENT AUDITOR

CITY OF NORTH MYRTLE BEACH

# ROBERT E. MILHOUS, C.P.A., P.A. & ASSOCIATES

*A Professional Association Of*

**CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**

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## REPORT OF INDEPENDENT AUDITOR

The Honorable Mayor and Members of City Council  
City of North Myrtle Beach, South Carolina

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of the City of North Myrtle Beach, South Carolina (the "City"), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Myrtle Beach, South Carolina, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

— CONTINUED —

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's 2010 basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and schedules as listed in the table of contents as Other Financial Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of North Myrtle Beach, South Carolina. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year summarized comparative information presented in the 2010 individual fund financial statements and schedules has been derived from the City's 2009 audited financial statements, and in my report dated December 14, 2009, expressed an unqualified opinion on those individual fund financial statements.

I did not audit the introductory and statistical sections of this report, and accordingly, do not express an opinion or any other form of assurance on this information.

  
December 14, 2010  
Columbia, South Carolina

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

This section of the City of North Myrtle Beach, South Carolina's (the "City") annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

**Financial Highlights**

Per the Government-Wide Statement of Net Assets, the City's total assets at year end June 30, 2010 were \$204.2 million and exceeded total liabilities by \$170.9 million. Of the total net assets at June 30, 2010, \$22.2 million were unrestricted and available to support short term operations of the City.

Per the Government-Wide Statement of Activities, the City's total net assets decreased by \$164,216 for the year ended June 30, 2010. The Governmental activities contributed \$756,907 and the Business-type activities had a deficit of \$921,123 for the year.

**Overview of the Financial Statements**

Management's Discussion and Analysis (MD&A) serves as an introduction to the City's basic financial statements. Those financial statements comprise three components: 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves. Typically, the MD&A contains comparative data to help the reader identify trends in financial activity of the government. The Letter of Transmittal and the Statistical Section of the Comprehensive Annual Financial Report (CAFR), of which this discussion is a component thereof, contains much of the data and analysis usually included in a MD&A and therefore it is not duplicated herein.

**Government-Wide Financial Statements** – The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported on the accrual basis (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., revenues receivable and earned but unused vacation leave).

**Government-Wide Financial Statements (Continued)**

Both of the Government-Wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type activities*). The Governmental activities of the City include general government, finance, public safety, public works, parks and recreation, planning and economic development, and support services. The Business-type activities of the City include enterprise operations for water and sewer utility, solid waste, aquatic center, and beach service.

The Government-Wide financial statements can be found immediately following the "Report of the Independent Auditor".

**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 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 three categories: Governmental funds, Proprietary funds, and Fiduciary 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 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.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget, and can be found in the section entitled "Required Supplementary Information".

The basic Governmental Fund financial statements can be found immediately following the "Government-Wide" financial statements.

**Proprietary funds** – *Enterprise funds* are used to report the same functions presented as *Business-type activities* in the Government-Wide financial statements. The City uses enterprise funds to account for its Water and Sewer Utility, its Solid Waste, its Aquatic Center and its Beach Service enterprises. Proprietary funds provide the same type of information as the Government-Wide financial statements, only in more detail. The basic Proprietary Fund financial statements can be found immediately following the "Governmental Fund" financial statements.

**Notes to the 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.

**Other Financial Information** – In addition to the basic financial statements, the accompanying notes and the required supplementary information, this report also presents certain financial data of individual fund statements and schedules.

## Government-Wide Financial Analysis

Below is a 'condensed' Statement of Net Assets at June 30, 2010 (with comparative amounts of June 30, 2009) which depicts the major components of the City's total (Governmental and Business-type) assets, liabilities and net assets (with amounts shown in thousands):

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets:</b>						
Cash and cash equivalents:						
Unrestricted	\$ 10,631	\$ 13,017	\$ 8,072	\$ 6,130	\$ 18,703	\$ 19,147
Restricted	586	435	8,806	13,440	9,392	13,875
Other current assets	7,734	7,760	(1,558)	(1,789)	6,176	5,971
Capital assets, net of accumulated depreciation	73,984	73,304	81,163	80,631	155,147	153,935
Deferred charges, net of accumulated amortization	—	—	14,811	15,693	14,811	15,693
<b>Total assets</b>	<b>\$ 92,935</b>	<b>\$ 94,516</b>	<b>\$ 111,294</b>	<b>\$ 114,105</b>	<b>\$ 204,229</b>	<b>\$ 208,621</b>
<b>Liabilities:</b>						
Current liabilities	\$ 4,847	\$ 5,126	\$ 4,769	\$ 5,783	\$ 9,616	\$ 10,909
Long term liabilities	7,648	9,707	16,056	16,932	23,704	26,639
<b>Total liabilities</b>	<b>12,495</b>	<b>14,833</b>	<b>20,825</b>	<b>22,715</b>	<b>33,320</b>	<b>37,548</b>
<b>Net assets:</b>						
Net invested in capital assets	66,074	62,387	74,464	73,471	140,538	135,858
Restricted	981	370	7,199	11,571	8,180	11,941
Unrestricted	13,385	16,926	8,806	6,348	22,191	23,274
<b>Total net assets</b>	<b>\$ 80,440</b>	<b>\$ 79,683</b>	<b>\$ 90,469</b>	<b>\$ 91,390</b>	<b>\$ 170,909</b>	<b>\$ 171,073</b>

*Governmental activities* – For 2010, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$18.9 million, or 20% of the total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$73.9 million 80% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$4.8 million 38% of the respective total. Long-term (non-current) liabilities totaled \$7.6 million, or 62% of the respective total.

*Business-type activities* – For 2010, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$15.3 million, or 14% of the respective total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$95.9 million, or 86% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$4.7 million, or 23% of the respective total. Long-term (non-current) liabilities totaled \$16.0 million, or 77% of the respective total.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, 2010 total assets exceeded total liabilities by \$170.9 million at the end of June 30, 2010 (or \$80.4 million for Governmental activities and \$90.5 million for Business-type activities.)

By far the largest portion (\$140.5 million, or 82%) of the City's 2010 total net assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its 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.

## Government-Wide Financial Analysis (Continued)

The City's 2010 restricted net assets (totaling \$8.2 million or 4.8% of total net assets) consist of \$.9 million in Governmental activities and \$7.2 million in Business-type activities, and represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$13.4 million Governmental activities and \$8.8 million Business-type activities, for a total of \$22.2 million, or 12.9% of total net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The City's components of changes in net assets for FY 2010 and FY 2009 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenue:</b>						
Program Revenue:						
Charges for services	\$ 3,220	\$ 3,179	\$ 18,639	\$ 17,306	\$ 21,859	\$ 20,485
Operating grants and contributions	1,806	457	325	125	2,131	582
Capital grants and contributions	573	6,304	—	3,064	573	9,368
General revenue:						
Property taxes	11,168	11,071	—	—	11,168	11,071
State shared and other taxes	13,294	14,125	—	—	13,294	14,125
Investment earnings	240	352	144	266	384	618
Other	27	88	—	193	27	281
<b>Total revenue</b>	<b>30,328</b>	<b>35,576</b>	<b>19,108</b>	<b>20,954</b>	<b>49,436</b>	<b>56,530</b>
<b>Expenses:</b>						
General government	2,130	2,271	—	—	2,130	2,271
Finance	891	752	—	—	891	752
Information services	464	431	—	—	464	431
Public safety	12,757	12,057	—	—	12,757	12,057
Planning and development	1,564	1,507	—	—	1,564	1,507
Public works	6,178	4,806	—	—	6,178	4,806
Parks and recreation	3,415	3,129	—	—	3,415	3,129
Support services	797	749	—	—	797	749
Interest on general long-term debt	422	452	—	—	422	452
Depreciation (unallocated)	—	757	—	—	—	757
Water and Sewer Utility	—	—	13,264	13,913	13,264	13,913
Solid Waste	—	—	3,580	3,554	3,580	3,554
Aquatic Center	—	—	2,249	2,256	2,249	2,256
Beach Service	—	—	1,889	2,126	1,889	2,126
<b>Total expenses</b>	<b>28,618</b>	<b>26,911</b>	<b>20,982</b>	<b>21,849</b>	<b>49,600</b>	<b>48,760</b>
Changes in net assets before transfers	1,710	8,665	(1,874)	(895)	(164)	7,770
Transfers	(953)	(1,041)	953	1,041	—	—
<b>Change in net assets</b>	<b>757</b>	<b>7,624</b>	<b>(921)</b>	<b>146</b>	<b>(164)</b>	<b>7,770</b>
Net Assets – beginning of year	79,683	72,059	91,390	91,244	171,073	163,303
Net Assets – end of year	\$ 80,440	\$ 79,683	\$ 90,469	\$ 91,390	\$ 170,909	\$ 171,073

Of total net assets at June 30, 2010, (and June 30, 2009 respectively), \$80.4 million (and \$79.7 million) represents net assets of the City's Governmental activities, and \$90.4 million (and \$91.4 million) represents net assets of the City's Business-type activities. At the end of the current fiscal year, the City is able to report 'positive' changes in net assets, for the Governmental Activities. This net 'positive' change occurred in 2010 even with the implementation of GASB #45, *Other Post-Employment Benefits Other Than Pensions* (OPEB). Total OPEB liability and related expenses equaled \$2.5 million (\$1.8 million in Governmental Activities and \$.6 million in Business-type Activities). Additional information on the City's OPEB can be found in *Note 13* of this report. The decrease in net assets for Business-type Activities was primarily due to a significant reduction in contributed capital from developers plus related impact fees for the Utility Fund caused by the economic recession.

## Government-Wide Financial Analysis (Continued)

### Expenses and Program Revenues – Governmental Activities

Governmental expenses are funded by fees for services, grants and contributions and general revenues. The Statement of Activities details this activity for the City. The following table summarizes that data.

*(amounts shown in thousands)*

	Expenses	Total Program Revenue	Net Expenses	% Funded by Program Revenue	% Required to Funded by General Revenue
General govt. admin.	\$ (2,130,225)	\$ 9,299	\$ (2,120,926)	.4%	99.6%
Finance	(890,656)	—	(890,656)	—	100.0%
Information services	(464,356)	—	(464,356)	—	100.0%
Public safety	(12,756,846)	1,222,163	(11,534,683)	9.6%	90.4%
Planning and development	(1,563,628)	328,986	(1,234,642)	21.0%	79.0%
Public works	(6,178,403)	3,843,128	(2,335,275)	62.2%	37.8%
Parks and recreation	(3,415,431)	196,053	(3,219,378)	5.7%	94.3%
Support services	(796,998)	—	(796,998)	—	100.0%
Debt service interest	(421,619)	—	(421,619)	—	100.0%
Totals	<u>\$ (28,618,162)</u>	<u>\$ 5,599,629</u>	<u>\$ (23,018,533)</u>	<u>19.6%</u>	<u>80.4%</u>

During 2010 the City allocated its depreciation of capital assets to the City's functions, (see Note 6). General Revenues (80.4%) were required to fund Governmental Activity Expenses and were as follows:

### General Revenues by Source – Governmental Activities (shown in thousands)

Property taxes	\$ 11,168,009
Accommodations/hospitality taxes	6,226,860
State shared taxes – unrestricted	789,170
Licenses and franchise taxes	6,278,270
Investment earnings	239,601
Other revenues	26,744
Total general revenue before transfers	<u>\$ 24,728,654</u>

## Fund Financial Analysis

### General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$21.4 million, but achieved revenues of \$20.5 million or \$.9 million under budget. Final expenditures budgeted for the General Fund were \$23.5 million with actual expenditures of \$22.8 million, before other financing sources and uses. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$2.0 million, with the actual deficiency equaling \$2.3 million. However, after considering Other Financing Sources and Uses, the General Fund had a decrease of \$467,863 in fund balance.

For 2010, the City's General Fund fund balance increased slightly and was a direct result of the City managing expenditures throughout the year due to the economic downturn. Capital purchases were put on hold and open personnel positions were allowed to stay vacant substantially longer in order to align expenditures with the reduced revenue. These efforts proved successful and the General Fund was able to have a small increase in its fund balance.

## **Fund Financial Analysis (Continued)**

The General Fund's budget also included net transfers to/from other funds netting to \$1.8 million which decline in both Accommodation and Hospitality taxes.

### **Expenses and Program Revenues – Business-type Activities**

The City operates four enterprises that comprise its Business-type Activities – Water and Sewer Utility, Solid Waste, Aquatic Center and Beach Service. The Water and Sewer Utility has been in operation for a number of years, and suffered an operating loss of \$1.9 million for the year ended June 30, 2010. Due to the economic decline in construction and related developer fees and other capital contributions, the Utility Fund realized an overall decrease in net assets of \$1,048,192.

The City's Solid Waste Enterprise Fund has been operating for a number of years and incurred a net operating income of \$151,592 for the year ended June 30, 2010. After a transfer from the Accommodations Tax Fund of \$237,564, the change net assets increased by \$389,156.

The City's Aquatic Center Enterprise Fund in its fifth year of operation and incurred a net operating loss of \$346,306. After recognizing \$211,728 in net non-operating loss and a \$715,651 transfer from the Hospitality Tax Fund, the change in net assets of the Aquatic Center totaled \$157,617.

The City's Beach Service Enterprise Fund in its fourth year of operations and incurred a net operating loss of \$419,704. The deficit is less than previous year's due to increased visitor usage and paying for such services.

## **Capital Asset and Debt Administration**

**Capital Assets** – The City's investment in capital assets for its Governmental and Business-type activities as of June 30, 2010, amounts to \$140.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and roads.

Capital asset purchases within the General Fund departments continued to be made on a pay-as-you-go basis. This has been the City's policy for 20 years. However, some capital asset purchases were delayed or postponed in FY 2010 due to the sharp economic downturn. The City believes this deferral will have no negative impact on City services since the City has an excellent maintenance program for its capital assets and fleet vehicles. Additional information on the City's capital assets can be found in *Note 6* of this report.

**Long-Term Debt** – At the end of the current fiscal year, the City had total bonded debt outstanding of \$22.1 million. Of this amount, \$5.0 million comprises debt backed by the full faith and credit of the governments, \$2.5 million backed by certain governmental fees and taxes associated with Stormwater, and \$.4 million in outstanding capital lease obligations. Enterprise revenue backed bond debt, contract and note payables totaled \$16.7 million.

Additional information on the City's long-term debt can be found in *Note 7* of this report.

## **Request for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of North Myrtle Beach, South Carolina 29582.

AUDITED BASIC FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Primary Government			Discretely Presented Component Unit Historical Museum
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 4,462,969	\$ 4,926,624	\$ 9,389,593	\$ 597,505
Equity in pooled cash and cash equivalents	6,167,953	3,145,324	9,313,277	—
Deposits held by others	26,886	8,797	35,683	—
Receivables, net	1,991,710	1,766,006	3,757,716	—
Due from other governments	1,230,340	323,634	1,553,974	8,521
Internal balances, net	4,294,790	(4,294,790)	—	—
Inventories	190,024	358,670	548,694	—
Restricted assets:				
Cash and cash equivalents	429,878	7,651,136	8,081,014	—
Equity in pooled cash and cash equivalents	156,521	1,154,555	1,311,076	—
Deposits with other governments	—	280,000	280,000	—
Total current assets	18,951,071	15,319,956	34,271,027	606,026
Non-currents assets:				
Capital assets not subject to depreciation	11,758,598	2,656,103	14,414,701	—
Capital assets, net of depreciation	62,225,760	78,507,283	140,733,043	—
Deferred charges, net	—	14,810,796	14,810,796	—
Total non-current assets	73,984,358	95,974,182	169,958,540	—
Total Assets	\$ 92,935,429	\$ 111,294,138	\$204,229,567	\$ 606,026
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable	\$ 949,994	\$ 446,412	\$ 1,396,406	\$ —
Accrued payroll and related taxes	423,847	279,795	703,642	—
Accrued compensated absences	902,390	326,803	1,229,193	—
Insurance claims payable	144,416	—	144,416	—
Accrued interest payable	115,001	172,331	287,332	—
Due to other governments	10,108	—	10,108	—
Bonds, contracts and notes payable – current portion	1,704,742	1,274,406	2,979,148	—
Capital lease obligation – current portion	410,132	—	410,132	—
Unearned revenue	—	246,039	246,039	—
Liabilities payable from restricted assets	186,104	2,022,738	2,208,842	—
Total current liabilities	4,846,734	4,768,524	9,615,258	—
Long-term (non-current) liabilities:				
General obligation bonds payable	4,392,518	—	4,392,518	—
Revenue bonds payable	1,386,958	—	1,386,958	—
Capital lease payable	16,338	—	16,338	—
Contracts payable	—	9,110,000	9,110,000	—
Note payable	—	6,335,653	6,335,653	—
Other post-employment benefits (OPEB)	1,852,409	610,609	2,463,018	—
Total long-term liabilities	7,648,223	16,056,262	23,704,485	—
Total liabilities	12,494,957	20,824,786	33,319,743	606,026
Net assets:				
Invested in capital assets, net of related debt	66,073,670	74,463,999	140,537,669	—
Restricted for :				
Public safety assistance	479,349	—	479,349	—
Public works projects	502,278	—	502,278	—
Future capacity of utility	—	7,199,586	7,199,586	—
Unrestricted	13,385,175	8,805,767	22,190,942	606,026
Total net assets	80,440,472	90,469,352	170,909,824	606,026
Total Liabilities and Net Assets	\$ 92,935,429	\$ 111,294,138	\$204,229,567	\$ 606,026

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

Functions and Programs	Primary Government							Discretely Presented Component Unit Historical Museum
	Expenses	Program Revenue			Net (expense Revenue and Changes in Net Assets)			
		Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Governmental Activities:</b>								
General government admin.	\$ (2,130,225)	\$ 9,299	\$ —	\$ —	\$ (2,120,926)	—	(2,120,926)	—
Finance	(890,656)	—	—	—	(890,656)	—	(890,656)	—
Information Services	(464,356)	—	—	—	(464,356)	—	(464,356)	—
Public safety	(12,756,846)	698,759	—	523,404	(11,534,683)	—	(11,534,683)	—
Planning and development	(1,563,628)	328,986	—	—	(1,234,642)	—	(1,234,642)	—
Public works	(6,178,403)	2,037,098	1,806,030	—	(2,335,275)	—	(2,335,275)	—
Parks and recreation	(3,415,431)	146,163	—	49,890	(3,219,378)	—	(3,219,378)	—
Support services	(796,998)	—	—	—	(796,998)	—	(796,998)	—
Debt service – interest	(421,619)	—	—	—	(421,619)	—	(421,619)	—
Total governmental activities	<u>(28,618,162)</u>	<u>3,220,305</u>	<u>1,806,030</u>	<u>573,294</u>	<u>(23,018,533)</u>	<u>—</u>	<u>(23,018,533)</u>	<u>—</u>
<b>Business-type Activities:</b>								
Water and Sewer Utility	(13,264,136)	11,818,089	253,497	—	—	(1,192,550)	(1,192,550)	—
Solid Waste	(3,580,362)	3,731,954	—	—	—	151,592	151,592	—
Aquatic Center	(2,248,606)	1,618,851	71,636	—	—	(558,119)	(558,119)	—
Beach Service	(1,889,646)	1,469,942	—	—	—	(419,704)	(419,704)	—
Total business-type activities	<u>(20,982,750)</u>	<u>18,638,836</u>	<u>325,133</u>	<u>—</u>	<u>—</u>	<u>(2,018,781)</u>	<u>(2,018,781)</u>	<u>—</u>
Total functions and programs	<u>\$(49,600,912)</u>	<u>\$ 21,859,141</u>	<u>\$ 2,131,163</u>	<u>\$ 573,294</u>	<u>(23,018,533)</u>	<u>(2,018,781)</u>	<u>(25,037,314)</u>	<u>—</u>
<b>Component Unit:</b>								
Historical Museum	<u>\$ (45,451)</u>	<u>\$ 860</u>	<u>\$ 533,982</u>	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>489,391</u>
<b>General Revenue and Transfers</b>								
General Revenue:								
Property taxes					11,168,009	—	11,168,009	—
Accommodations and hospitality taxes					6,226,860	—	6,226,860	—
State shared taxes – unrestricted					789,170	—	789,170	—
Business licenses and franchise taxes					6,278,270	—	6,278,270	—
Unrestricted investment earnings					239,601	144,444	384,045	4,384
Miscellaneous					26,744	—	26,744	—
Transfers:								
Transfers in/(out)					(953,214)	953,214	—	—
Total general revenue and transfers					<u>23,775,440</u>	<u>1,097,658</u>	<u>24,873,098</u>	<u>4,384</u>
<b>Changes in net assets</b>								
Net Assets – beginning of year					79,683,565	91,390,475	171,074,040	112,251
Net Assets – end of year					<u>\$ 80,440,472</u>	<u>\$ 90,469,352</u>	<u>\$ 170,909,824</u>	<u>\$ 606,026</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2010

	General Fund	Stormwater Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 4,462,969	\$ —	\$ —	\$ 4,462,969
Equity in pooled cash and cash equivalents	—	3,185,397	2,982,556	6,167,953
Deposits held by others	26,886	—	—	26,886
Receivables, net	1,180,302	66,030	633,127	1,879,459
Due from other funds	3,766,440	1,454,224	—	5,220,664
Due from other governments	245,692	—	984,648	1,230,340
Inventories and prepaid items	190,024	—	—	190,024
Restricted assets:				
Cash and cash equivalents	429,878	—	—	429,878
Equity in pooled cash and cash equivalents	156,521	—	—	156,521
<b>Total assets</b>	<b>\$ 10,458,712</b>	<b>\$ 4,705,651</b>	<b>\$ 4,600,331</b>	<b>\$ 19,764,694</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 460,792	\$ 32,900	\$ 456,302	\$ 949,994
Accrued payroll and related taxes	423,847	—	—	423,847
Accrued compensated absences	21,483	—	—	21,483
Insurance claims payable	71,454	—	—	71,454
Due to other funds	—	—	925,874	925,874
Due to other governments	10,108	—	—	10,108
Payable from restricted assets	186,104	—	—	186,104
<b>Total liabilities</b>	<b>1,173,788</b>	<b>32,900</b>	<b>1,382,176</b>	<b>2,588,864</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Inventories and prepaid items	190,024	—	—	190,024
Victims assistance	75,149	—	—	75,149
Scholarship fund	56,165	—	—	56,165
Grants receivable	311,241	—	—	311,241
Drug enforcement	345,740	—	—	345,740
Shore protection	—	—	22,929	22,929
Cherry Grove Drainage	—	—	980,009	980,009
J. Causey Memorial	2,295	—	—	2,295
Admissions tax	178,240	—	—	178,240
<b>Unreserved/designated for:</b>				
Contingencies	250,000	—	—	250,000
Area emergency recovery	142,500	—	—	142,500
<b>Unreserved/undesignated reported in:</b>				
General Fund	7,733,570	—	—	7,733,570
Special Revenue Funds	—	4,672,751	6,032	4,678,783
Capital Projects Funds	—	—	2,209,185	2,209,185
<b>Total fund balances</b>	<b>9,284,924</b>	<b>4,672,751</b>	<b>3,218,155</b>	<b>17,175,830</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,458,712</b>	<b>\$ 4,705,651</b>	<b>\$ 4,600,331</b>	

**Reconciliation to amounts reported for governmental activities in the Statement of Net Assets (see Note 15):**

Capital assets used in governmental activities are not financial resources and therefore are not reported in these funds.	73,984,358
Other assets not available to paid for current period expenditures.	112,251
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	(10,831,967)
<b>Net Assets, end of year – Governmental Activities</b>	<b>\$ 80,440,472</b>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2010

	General Fund	Stormwater Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes:				
Current property taxes	\$ 10,822,314	\$ —	\$ —	\$ 10,822,314
Delinquent property taxes	504,785	—	—	504,785
Licenses and permits	6,607,116	—	—	6,607,116
Fines and forfeitures	591,575	—	—	591,575
Use of money and property	184,681	22,246	32,674	239,601
Unrestricted intergovernmental	925,511	—	—	925,511
Restricted intergovernmental	573,294	—	7,896,549	8,469,843
Sales and service charges	316,441	1,983,303	120	2,299,864
Miscellaneous	27,356	—	2,990	30,346
<b>Total revenue</b>	<u>20,553,073</u>	<u>2,005,549</u>	<u>7,932,333</u>	<u>30,490,955</u>
<b>Expenditures</b>				
Current:				
General government administration	1,940,416	—	504,400	2,444,816
Finance	717,716	—	—	717,716
Information Services	328,899	—	—	328,899
Public safety	10,910,010	—	—	10,910,010
Planning/development	1,453,280	—	—	1,453,280
Public works	1,863,243	431,716	4,338,540	6,633,499
Parks and recreation	2,170,859	—	1,631,413	3,802,272
Support services	667,499	—	—	667,499
Debt service	1,879,471	—	1,140,000	3,019,471
Capital outlay	907,831	—	—	907,831
<b>Total expenditures</b>	<u>22,839,224</u>	<u>431,716</u>	<u>7,614,353</u>	<u>30,885,293</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,286,151)</u>	<u>1,573,833</u>	<u>317,980</u>	<u>(394,338)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,968,288	—	3,398,242	7,366,530
Transfers (out)	<u>(2,150,000)</u>	<u>(1,140,000)</u>	<u>(5,029,744)</u>	<u>(8,319,744)</u>
<b>Total other financing sources (uses)</b>	<u>1,818,288</u>	<u>(1,140,000)</u>	<u>(1,631,502)</u>	<u>(953,214)</u>
<b>Net change in fund balances</b>	<b>(467,863)</b>	<b>433,833</b>	<b>(1,313,522)</b>	<b>(1,347,552)</b>
Fund balances, beginning of year	<u>9,752,787</u>	<u>4,238,918</u>	<u>4,531,677</u>	<u>18,523,382</u>
Fund balances, end of year	<u>\$ 9,284,924</u>	<u>\$ 4,672,751</u>	<u>\$ 3,218,155</u>	<u>\$ 17,175,830</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
— CONTINUED —

**Reconciliation to amounts reported for governmental activities in the  
Statement of Activities (see Note 15):**

Net change in fund balances – total governmental funds	\$ (1,347,552)
Governmental funds report capital outlays 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 exceeded depreciation in the current period.	680,328
Some revenues reported in Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in these funds.	(159,090)
Some expenses reported in Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in these funds.	(1,069,587)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>2,652,808</u>
Change in net assets – governmental activities	<u><u>\$ 756,907</u></u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

JUNE 30, 2010

	Business-type Activities – Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 4,918,724	\$ —	\$ 400	\$ 7,500	\$ 4,926,624
Equity in pooled cash and cash equivalents	3,145,324	—	—	—	3,145,324
Deposits held by others	5,041	2,669	1,087	—	8,797
Receivables, net	1,604,269	130,977	19,852	10,908	1,766,006
Inventories	356,220	—	795	1,655	358,670
Due from other funds	—	—	135,863	—	135,863
Due from other governments	323,634	—	—	—	323,634
Restricted assets:					
Cash and cash equivalents	7,651,136	—	—	—	7,651,136
Equity in pooled cash and cash equivalents	1,154,555	—	—	—	1,154,555
Deposits with other governments	280,000	—	—	—	280,000
Total current assets	19,438,903	133,646	157,997	20,063	19,750,609
Non-current assets:					
Capital assets, not subject to depreciation	2,656,103	—	—	—	2,656,103
Capital assets, subject to depreciation	67,041,380	1,791,145	8,769,434	905,324	78,507,283
Total capital assets, net	69,697,483	1,791,145	8,769,434	905,324	81,163,386
Deferred charges, net	14,764,409	—	46,387	—	14,810,796
Total non-current assets	84,461,892	1,791,145	8,815,821	905,324	95,974,182
Total assets	\$103,900,795	\$ 1,924,791	\$ 8,973,818	\$ 925,387	\$115,724,791
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	\$ 420,267	\$ 60,807	\$ 36,417	\$ 29,583	\$ 547,074
Accrued payroll and related taxes	81,683	43,630	24,344	130,138	279,795
Accrued compensated absences	192,730	113,522	20,551	—	326,803
Insurance claims payable, net	—	—	—	—	—
Due to other funds	—	793,207	219,990	3,417,456	4,430,653
Accrued interest payable	—	—	172,331	—	172,331
Contracts and note payable – current portion	810,000	—	363,744	—	1,173,744
Retainage payable	—	—	—	—	—
Unearned revenue	—	—	246,039	—	246,039
Liabilities payable from restricted assets	2,022,738	—	—	—	2,022,738
Total current liabilities	3,527,418	1,011,166	1,083,416	3,577,177	9,199,177
Long-term (non-current) liabilities:					
Contracts payable	9,110,000	—	—	—	9,110,000
Note payable	—	—	6,335,653	—	6,335,653
Other post employment benefits (OPEB)	349,899	185,241	75,469	—	610,609
Total long-term liabilities	9,459,899	185,241	6,411,122	—	16,056,262
Total liabilities	12,987,317	1,196,407	7,494,538	3,577,177	25,255,439
Net assets:					
Invested in capital assets, net of related debt	69,697,493	1,791,145	2,070,037	905,324	74,463,999
Restricted for:					
Future capacity and deposits	7,199,586	—	—	—	7,199,586
Unrestricted (deficit)	14,016,399	(1,062,761)	(590,757)	(3,557,114)	8,805,767
Total net assets	90,913,478	728,384	1,479,280	(2,651,790)	90,469,352
Total liabilities and net assets	\$103,900,795	\$ 1,924,791	\$ 8,973,818	\$ 925,387	\$115,724,791

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2010

	Business-type Activities – Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
<b>Operating Revenue</b>					
Sales and service charges	\$ 10,790,698	\$ 3,731,954	\$ 1,618,851	\$ 1,469,942	\$ 17,611,445
Total operating revenue	10,790,698	3,731,954	1,618,851	1,469,942	17,611,445
<b>Operating Expenses</b>					
General government administration	1,007,580	196,315	121,804	171,412	1,497,111
Finance	716,086	93,612	25,644	64,109	899,451
Information services	223,488	44,698	14,899	22,349	305,434
Public safety	55,246	—	—	557,620	612,866
Planning/development	35,105	—	—	—	35,105
Public works	7,299,440	2,750,808	—	—	10,050,248
Parks and recreation	—	—	1,446,377	793,844	2,240,221
Support services	399,279	117,049	15,368	20,903	552,599
Depreciation and amortization	2,959,125	377,880	341,065	259,409	3,937,479
Total operating expenses	12,695,349	3,580,362	1,965,157	1,889,646	20,130,514
Operating income (loss)	(1,904,651)	151,592	(346,306)	(419,704)	(2,519,069)
<b>Non-Operating Revenue (Expenses)</b>					
Interest earned on investments	144,358	—	85	—	144,443
Interest expense	(568,787)	—	(280,013)	—	(848,800)
Non-operating program fees and other	—	—	2,584	—	2,584
Amortization of debt issuance costs	—	—	(3,436)	—	(3,436)
Restricted intergovernmental	53,000	—	69,052	—	122,052
Tower rental and other	196,295	—	—	—	196,295
Total non-operating revenue (expenses)	(175,134)	—	(211,728)	—	(386,862)
Income (loss) before contributions and transfers	(2,079,785)	151,592	(558,034)	(419,704)	(2,905,931)
<b>Capital Contributions</b>	1,031,593	—	—	—	1,031,593
<b>Transfers – in (out)</b>	—	237,564	715,651	—	953,215
<b>Change in net assets</b>	<b>(1,048,192)</b>	<b>389,156</b>	<b>157,617</b>	<b>(419,704)</b>	<b>(921,123)</b>
Net assets, beginning of year	91,961,670	339,228	1,321,663	(2,232,086)	91,390,475
Net assets, end of year	\$ 90,913,478	\$ 728,384	\$ 1,479,280	(2,651,790)	\$ 90,469,352

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2010

	Business-type Activities – Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
<b>Cash flows from operating activities</b>					
Cash received from:					
User fees	\$ 10,545,601	\$ 3,738,180	\$ 1,334,190	\$ 1,414,390	\$ 17,032,361
Tap fees	73,554	—	—	—	73,554
Service and miscellaneous charges	39,553	—	247,420	412	287,385
Cash paid to (for):					
Employee salaries and related costs	(3,429,973)	(1,633,696)	(949,107)	(1,031,334)	(7,044,110)
Water and sewer system costs	(4,418,276)	—	—	—	(4,418,276)
Collection services	—	(908,548)	—	—	(908,548)
Aquatic Center operations	—	—	(414,388)	—	(414,388)
Beach Service operations	—	—	—	(260,274)	(260,274)
Other supplies and miscellaneous costs	(2,120,053)	(571,074)	(177,715)	(311,920)	(3,180,762)
Net cash provided by (used in) operating activities	690,406	624,862	40,400	(188,726)	1,166,942
<b>Cash flows from non-capital and related financing activities</b>					
Inter-fund borrowing/payments	(316,491)	(216,251)	(115,841)	202,181	(446,402)
Increase in contract rights	—	—	—	—	—
Tower rental and other	196,295	—	—	—	196,295
Intergovernmental grants	53,000	—	69,052	—	122,052
Local accommodation/hospitality taxes	—	237,564	715,651	—	953,215
Donations/fundraisers	—	—	2,584	—	2,584
Net cash provided by (used in) non-capital and related financing activities	(67,196)	21,313	671,446	202,181	827,744
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(2,856,181)	(646,175)	(73,512)	(14,504)	(3,590,372)
Principal paid on bonds and contracts	(775,000)	—	(349,418)	—	(1,124,418)
Interest and bond agent fees on long-term debt	(579,768)	—	(289,001)	—	(868,769)
Capital contributions – impact fees, grants and other cash contributions	1,031,593	—	—	—	1,031,593
Net cash provided by (used in) capital and related financing activities	(3,179,356)	(646,175)	(711,931)	(14,504)	(4,551,966)

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities – Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
<b>Cash flows from investing activities</b>					
Interest received on investments	144,358	—	85	—	144,443
Net cash provided by (used in) investing activities	144,358	—	85	—	144,443
Net increase (decrease) in cash and cash equivalents	(2,411,788)	—	—	(1,049)	(2,412,837)
Cash and cash equivalents, beginning of year (of which \$13,440,564 is restricted)	19,281,527	—	400	8,549	19,290,476
Cash and cash equivalents, end of year (of which \$9,085,691 is restricted)	<u>\$ 16,869,739</u>	<u>\$ —</u>	<u>\$ 400</u>	<u>\$ 7,500</u>	<u>\$ 16,877,639</u>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>					
Operating income (loss)	(1,904,651)	151,592	(346,306)	(419,704)	(2,519,069)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	2,959,125	377,880	341,065	259,409	3,937,479
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(131,990)	6,226	10,615	5,139	(110,010)
(Increase) decrease in inventories	(38,133)	—	(795)	9,768	(29,160)
Increase (decrease) in accounts and other payables	65,421	(21,414)	3,087	(44,853)	2,241
Increase (decrease) in accrued liabilities	27,032	17,957	(3,743)	8,376	49,622
Increase (decrease) in deferred revenue	(461,347)	—	(1,258)	—	(462,605)
Increase (decrease) in other post employment benefits (OPEB)	174,949	92,621	37,735	(6,861)	298,444
Net cash provided by (used in) operating activities	<u>\$ 690,406</u>	<u>\$ 624,862</u>	<u>\$ 40,400</u>	<u>\$ (188,726)</u>	<u>\$ 1,166,942</u>
<b>Supplemental disclosure of non-cash capital and related financing activities</b>					
System contributions by developers	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Amortization of bond issue costs	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,436</u>	<u>\$ —</u>	<u>\$ 3,436</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS  
FUDUCIARY FUNDS

JUNE 30, 2010

	<u>Pension Trust Funds</u>	<u>Agency Fund Firemen's Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ —	\$ 17,071
Cash and temporary investments – mutual funds	11,893,532	—
Receivables – Participant loans	659,438	—
Total assets	<u>\$ 12,552,970</u>	<u>\$ 17,071</u>
<b>Liabilities</b>		
Due to Firemen's Association	\$ —	\$ 17,071
Total liabilities	<u>—</u>	<u>\$ 17,071</u>
<b>Net Assets</b>		
Held in trust for employee's pension benefits	<u>\$ 12,552,970</u>	

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FUDUCIARY FUNDS

YEAR ENDED JUNE 30, 2010

	<u>Pension Trust Funds</u>
<b>Additions</b>	
Employer contributions	\$ 790,118
Employee (member) contributions	206,055
Investment income (loss)	<u>949,417</u>
Total additions	<u>1,945,590</u>
<b>Deductions</b>	
Benefit payments and loan issuance costs	<u>637,504</u>
Total deductions	<u>637,504</u>
Change in net assets	1,308,086
Net assets, beginning of year	<u>11,744,884</u>
Net assets, end of year	<u>\$ 12,552,970</u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of North Myrtle Beach, South Carolina was incorporated on May 7, 1968, and adopted a "Home Rule Charter" on February 13, 1976. The City operates under a "Council-Manager" form of government.

The financial statements of the City of North Myrtle Beach, South Carolina (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as amended, established new financial reporting requirements for governments and caused to restructure much of the information that the City presented in the past. The more significant of the government's accounting policies are described below.

Using the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the basic financial statements of the City presents the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete. Financial accountability is defined as appointment of a voting majority of the separate organization's board and either a) the ability to impose will by the primary government, or b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government.

**Discretely Presented Component Unit**

For the year ended June 30, 2010, the City had a "discretely presented" component unit, North Myrtle Beach Area Historical Museum. Discretely presented component units are reported in a separate column in the Government-wide financial statements to emphasize that they are legally separate from the operations of the primary government. The corporation does not issue separate financial statements.

**B. Basis of Presentation**

**Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements – The Government-Wide financial statements consists of a Statement of Net Assets and the Statement of Activities and reports information on all of the non-fiduciary activities of the government as a whole. Separate columns are used to distinguish between the City's governmental and business-type activities. Governmental activities are generally those activities financed by taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds. Business-type activities are those activities which are financed in whole or in part by user fees charged to external parties for goods and services. These activities are usually reported in Enterprise Funds. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

The Statement of Net Assets reports all financial and capital resources of the City and reports the difference between assets and liabilities as “net assets” not fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues and reflects the “net (expenses) revenue” of the City’s individual functions before applying ‘general’ revenues.

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry, as a whole, and thus reduce the net cost of the function to be financed from the government’s general revenues. They 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, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. All revenues are ‘general’ revenues unless they are required to be reported as program revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-Wide financial statements. The focus of governmental and proprietary fund financial statements is on ‘major’ funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with ‘non-major’ funds being aggregated and displayed in a single column.

The City reports the following ‘major’ governmental funds: General Fund and Stormwater Fund. The City reports the following ‘major’ proprietary funds: Water and Sewer Utility Fund, Solid Waste Fund, Aquatic Center Fund, and Beach Service Fund.

A combining schedule of non-major funds is presented separately as part of Other Financial Information. Because of the basis of accounting and reporting differences, summary reconciliations to the Government-Wide financial statements are presented at the end of each applicable fund financial statement.

*Governmental Funds*

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The Governmental Fund category includes the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

**General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes. The City’s Special Revenue Funds consists of the Accommodations (2%) Tax Fund, Local Accommodations (1.5%) Tax Fund, Hospitality (1%) Fee Fund, and the Stormwater Fund.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

**Debt Service Fund** – Debt Service Funds account for the accumulation of financial resources for the payment of interest and principal on certain general long-term debt of the City, other than debt service payments financed by proprietary fund types.

**Capital Projects Funds** – The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds). The City utilizes the following individual Capital Projects Funds: Capital Improvement Fund, Street Improvement Fund, Beach Renourishment Fund, and Park Development Fund.

*Proprietary Funds*

Proprietary fund reporting primarily focuses on the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. The proprietary fund category includes the Enterprise Fund.

**Enterprise Funds** – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City uses the Water and Sewer Utility Fund to account for all financial resources associated with furnishing water and sewer service to domestic, business and industrial users; the Solid Waste Fund to account for all revenues and expenses related to the City's solid waste activities; the Aquatic Center Fund to account for all revenues and expenses associated with the operation of the City's Aquatic and Fitness Center; and the Beach Service Fund to account for all revenues and expenses related to the City's beach service activities.

*Fiduciary Funds*

Fiduciary fund reporting focuses on net assets and changes in net assets, and is used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The Fiduciary Fund category includes Pension Trust Funds to account for retirement benefits, and Agency Funds to account for the City's Firemen's Funds.

**Pension Trust Funds**

A Pension Trust Fund is a fund held by the City in a trustee capacity for retirement plan members, and used to account for the accumulation of assets for the purpose of paying benefits when they become due in accordance with the terms of the plan. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is fundamental. The City maintains two pension trust funds – *see Note 11*.

**Agency Funds**

Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. At June 30, 2010, these included Firemen's Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These activities have been excluded from the City's Government-wide financial statements because the City can not use those assets to finance its operations.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

Under GASB #34, the Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 budget year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

As a general rule, the effect of interfund activity (i.e. advances or short-term loans) has been eliminated from the Government-Wide financial statements, except for amounts due between the City's governmental activities and business-type activities.

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

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Revenues are considered to be available when they are collected within the current period or soon enough (usually 60 days) thereafter to pay liabilities of the current 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 and claims and judgments, are recorded only when payment is due.

Proprietary Fund statements reflect net assets and revenues, expenses and changes in net assets using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the Government-Wide and Proprietary Fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The City has elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989, in its accounting and reporting practices for its proprietary fund operations.

The Statement of Fiduciary Net Assets includes information about the assets, liabilities, and net assets for each of the City's fiduciary fund types on the basis of accounting similar to proprietary-type funds, except for agency funds. The Statement of Changes in Fiduciary Net Assets presents information about the additions, deductions, and net increases (or decreases) for the year in net assets for each fiduciary fund type.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts, certain claims and judgment liabilities, and current-portions of compensated absences among other accounts. Actual results could differ from those estimates.

**D. Budgets and Budgetary Accounting**

The City follows the procedures described below in establishing the budgetary data reflected in the financial statements:

- By May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures (expenses) and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- By June 30, the budget is legally enacted through passage of an ordinance to set the tax levy (millage) for the fiscal year.
- The City Manager is legally authorized by ordinance to transfer amounts within and between funds; however, any revisions that alter the total expenditures, other than transfers, of the approved initial budget must be approved by the City Council.
- The City employs formal budgetary integration as a management control device during the year and legally adopts a budget for the General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Funds, and Enterprise Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is not employed for the Trust and Agency funds.
- Appropriations lapse at the end of each fiscal year.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**D. Budgets and Budgetary Accounting (Continued)**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not used by the City and, accordingly, is not a part of budgetary integration.

Budget Deficits and Fund Balances

For the year ended June 30, 2010, 'final budgeted' expenditures exceeded estimated revenues of the General Fund by \$131,940; Stormwater Special Revenue Fund by \$1,270,000; and Capital Improvement Fund by \$133,000; and Street Improvement Fund by \$1,964,129. These deficits were funded (if necessary) by unreserved and applicable reserved fund balances and additional unbudgeted revenue.

The Enterprise Funds of the Water and Sewer Utility Fund, the Solid Waste Fund, the Aquatic Center Fund and Beach Service Fund operated under total operating expense budgets equaling \$12.7 million, \$3.6 million, \$2.0 million and \$1.9 million, respectively.

At June 30, 2010, deficit fund balances/net assets resulted in the following: Beach Service Enterprise Fund by \$2,651,790. This deficit is expected to be resolved from either future appropriations or revenues.

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses**

Cash and Cash Equivalents, and Investments

The City pools the cash of all funds into a central depository bank account except where legal restrictions prohibit the commingling of funds. Temporary investments are then made from the account in collaborative form in order to maximize the return on invested funds. Therefore, in the "Statement of Cash Flows", all Water and Sewer Utility Fund cash and investments (including restricted assets other than deposits with other agencies) are essentially demand deposits and are considered cash and cash equivalents. Each individual fund's equity in the pooled cash and temporary investments is shown in that fund. Allocation of interest earned is made to each fund based on pro rata equity.

Investments of the Money Purchase Retirement Plans managed by the ICMA Retirement Corporation, a third party administrator, consists of a combination of mutual funds, and money market accounts as selected by the participating employees. All investments are carried at fair value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated net of their allowance for uncollectible accounts.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)**

Inventories

Inventories are valued at weighted average cost and consist of expendable supplies held for consumption. Accordingly, the cost is recorded as an asset at the time individual inventory items are purchased and then expended as the supplies are consumed (“consumption method”). Reported inventories in the Governmental Funds are equally offset by a fund balance reserve which indicates that they do not constitute “available expendable resources” even though they are a component of net current assets.

Deferred Charges

Bond issuance costs are deferred and amortized over the life of the related bond issue using the straight-line method. Additionally, the cost of purchased water capacity incurred by the Water and Sewer Utility Fund is being amortized over the longer of the life of the related Water Sale and Purchase Agreement or the useful life of the asset using the straight-line method.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions result in loans or advances between individual funds. The lending fund reports amounts ‘due from other funds’, while the borrowing fund reports amounts ‘due to other funds’. These interfund receivables and payables are classified as “internal balances” on the government-wide Statement of Net Assets and have been eliminated. Amounts payable to the Governmental activities from the Business-type activities are reported as contra-assets in the Proprietary fund financial statements for consistency and clarity in presentation.

Restricted Assets

Restricted accounts include monies or other resources, the use of which is restricted by legal or contractual requirements. In the Water and Sewer Utility Enterprise Fund restricted assets arise from certain bond and contract ordinances.

Capital Assets and Depreciation

Capital assets, which include land, buildings, water and sewer systems, improvements, machinery and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the Government-Wide financial statements. Capital assets of the City that are not specifically related to activities reported in proprietary or fiduciary funds have been reported as assets in the governmental funds column of the Government-Wide financial statement. Capital assets are defined by the City as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost if purchased or constructed, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain (infrastructure) capital assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) have been capitalized using actual and estimated historical costs of major general infrastructure assets that were acquired or significantly reconstructed, or that received significant improvements in fiscal years ending after June 30, 1980.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)**

Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight line method with service lives as follows: Buildings – 15 to 40 years; Water and sewer systems – 10 to 60 years; Improvements – 10 to 30 years; Machinery and equipment – 3 to 20 years; Infrastructure – 30 years.

Interest costs incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2010, there were no material capitalized interest costs incurred.

Deferred Revenue

In the Government-wide financial statements, and in the Governmental Fund and Proprietary Fund types, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability for deferred revenue, commonly referred to as unearned revenue. Unearned revenue in the Government-wide and in the Proprietary (Enterprise) financial statements, is represented by various deposits on contracts. In the Governmental Fund financial statements certain assets that are not yet available to finance expenditures for the current fiscal period are classified as deferred revenue.

Long-term Obligations

In the Government-Wide financial statements, and the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Long-term debt represents unmatured principal of general obligation and revenue bond indebtedness, and outstanding portions due on long-term contracts. Other long-term obligations represent outstanding net present value portions due on capital lease obligations, and long-term portions of claims or judgments. Liabilities arising from interfund activities do not constitute general long-term liabilities.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as Other Financing Sources.

Compensated Absences (Accrued Vacation)

It is the City's policy to permit employees to accumulate earned, but unused vacation leave. In the Government-Wide and Proprietary Fund financial statements, vacation pay is accrued and expensed when earned (incurred) and reported as a current and long-term liability based upon management's estimates of employees using their leave in the current period, or accumulating their earned leave for future (long-term) use. At June 30, 2010, there were no material long-term payable amounts. In the Governmental Funds, expenditures and liabilities related to these obligations are recognized when they become due. For example, vacation pay that is expected to be liquidated (as a result of employee termination or retirement) with expendable available financial resources is reported as an expenditure and a fund liability in these funds. City employees are provided sick leave at the rate of ten working days per year. Employees are not allowed to accumulate sick leave days and any unused sick leave at termination will not be paid.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)**

Net Assets and Fund Balances

In the Government-Wide financial statements, the difference between the City's total assets and total liabilities represents net assets. Net assets for both the governmental and proprietary fund types displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net assets represent the net assets available for future operations.

In the Fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represents tentative management plans that are subject to change.

In accordance with these criteria, the City utilizes the following fund balance reserves:

RESERVED FOR INVENTORIES AND PREPAID ITEMS – To indicate that an amount equal to the inventory balance at year end is not available for appropriation or expenditure in the General Fund.

RESERVED FOR VICTIM'S ASSISTANCE, SCHOLARSHIP FUND AND DRUG ENFORCEMENT – To indicate the balance at year end from the Victims' Assistance program, Public Safety Scholarship program and from drug confiscations required by law.

RESERVED FOR GRANTS AND ADMISSIONS TAX – To restrict use of revenues required by grants and by state law.

RESERVED IN CONJUNCTION WITH REVENUE BONDS – To segregate a portion of retained earnings for resources legally restricted by revenue bond ordinances.

RESERVED FOR PENSION TRUST FUNDS – To restrict the use of all resources contributed to or earned by the Pension Trust Funds.

RESERVED FOR SHORE PROTECTION AND CHERRY GROVE DRAINAGE – A capital project account used to restrict the use of funds not available for appropriation for any other purpose.

Program and General Revenues

The City charges public fees for building permits and inspections, participation fees for certain recreational activities and stormwater fees. These fees as well as fines for traffic violations and grant revenues are recorded as program revenue in the Statement of Activities.

General revenues reported by the City include property taxes, state shared taxes, business licenses, hospitality fees (which are meal and hotel imposed taxes) and franchise fees (which are general revenue fees in lieu of business licenses).

The City has imposed a one and one-half (1.5 %) percent local accommodations and a one (1.0%) percent hospitality fee, both of which purposes are restricted by State law, with City Council designating such receipts toward the City's Aquatic Center. Accordingly, these funds have been reported as non-operating revenue in the Aquatic Center Enterprise Fund.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)**

Property Taxes

The City of North Myrtle Beach assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process.

Real property and all personal property other than vehicles are assessed for property tax purposes as of December 31 of each year. The basis for value of taxable property within the City is taken from the records of the Horry County Auditor. Taxes are levied on January 1, billed in October, and are due by January 15 in the year following their levy. A penalty of 3% is added to the tax bill on January 16; with an additional 7% added on February 2; and an additional 5% to the tax bill on March 17.

New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Department of Transportation and payment is due before the end of the month of the scheduled renewal.

City property tax revenues are recognized for the budget period to which they apply when they become measurable and available. Delinquent and unpaid property taxes are reported as receivables, less amounts estimated to be uncollectible.

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. The prior year summarized comparative information has been derived from the City's 2009 audited financial statements. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**2. Deposits and Investments**

Deposits

Custodial credit risk of deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2010, the carrying amount of the City's cash deposits with financial institutions was \$726,452 and the financial institution's balances totaled \$783,264. Of this balance, \$739,546 was covered by federal depository insurance and the remaining balance was covered by collateral held by the financial institutions' trust departments in the City's name. At June 30, 2010, the City's deposits were not materially exposed to custodial credit risk.

Investments

Custodial credit risk of investments is the risk that, in the event of a bank failure or the failure of the counterparty, the City will not be able to recover the value of its investments. The City does not have an investment policy for custodial credit risk. At June 30, 2010, the City had the following investment types:

	<u>Fair Value</u>	<u>Weight Average Maturity (years)</u>	<u>Credit Rating</u>
Repurchase agreements	\$ 1,494,160	0.002	n/a
Certificates of deposit	18,030,096	0.05	n/a
Money Market funds	6,267,317	n/a	Aa1
Mutual funds	11,893,532	n/a	AAA
State of South Carolina Treasurer's Investment Pool	<u>1,583,631</u>	0.5	Unrated
Total carrying value	<u>\$ 39,268,736</u>		

At June 30, 2010, the City's investments were not materially exposed to custodial credit risk.

*Interest Rate Risk.* The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State statute authorizes the City to invest in obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units provided such obligations are rated as an "A" or better by Moody's Investors Service, Inc. and Standard and Poor's Corporation or their respective successors; interest bearing accounts in savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner. The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds. The State Treasurer also provides oversight for the State Treasurer's Investment Pool, of which, the fair value of the City's investments is the same as the value of the pooled shares. The City is under no contractual agreements which restrict investment alternatives. The City has no investment policy that would further limit its investment choices.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**2. Deposits and Investments (Continued)**

*Concentration of Credit Risk.* The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in repurchase agreements, bank certificates of deposit, mutual funds, and pooled with the State Treasurer's investments. The concentrations of these investments are 8%, 26%, 25% and 41% respectively, of the City's total investments.

A reconciliation of deposits and investments to cash and cash equivalents shown on the Government-wide and Fiduciary financial statements at June 30, 2010 are as follows:

Cash on hand	\$ 10,275
Carrying amount of cash deposits	726,452
Carrying amount of investments	<u>39,268,736</u>
Total	<u>\$ 40,005,463</u>
Government-wide Statement of Net Assets:	
Cash and cash equivalents	\$ 9,389,593
Equity in pooled cash and cash equivalents	9,313,277
Cash and cash equivalents-restricted	8,081,014
Equity in pooled cash and cash equivalents-restricted	1,311,076
Statement of Fiduciary Net Assets:	
Cash and cash equivalents – Agency Fund	17,071
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	11,531,224
Money Purchase Retirement Plan #2	<u>362,308</u>
Total	<u>\$ 40,005,463</u>

The City's discretely presented component unit (Historical Museum) had deposits (carrying and bank balance) totaling \$597,505 at June 30, 2010, of which \$250,000 was covered by federal depository insurance.

**3. Receivables**

Receivables at June 30, 2010, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities
Property taxes	\$ 1,087,560	\$ —
Franchise fees	744,669	—
State shared revenues	156,303	—
Stormwater fees	66,030	—
Local accommodation and hospitality fees	633,127	—
Water and sewer accounts	—	1,609,269
Solid waste user fees	—	130,977
Aquatic Center	—	19,852
Beach Service	—	10,908
Defined Benefit Pension Trust Fund (terminated plan)	59,247	—
Other	189,984	—
Gross receivables	<u>2,936,920</u>	<u>1,771,006</u>
Less: allowance for uncollectibles	<u>(945,210)</u>	<u>(5,000)</u>
Net total receivables	<u>\$ 1,991,710</u>	<u>\$ 1,766,066</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**4. Internal Balances – Due To/From Other Funds and Transfers**

In the Governmental and Proprietary Enterprise Fund financial statements, short-term interfund receivables and payables at June 30, 2010, along with interfund transfers which occurred during the fiscal year were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Activities</u></b>				
General Fund	\$ 3,766,440	\$ —	\$ 3,968,288	\$ 2,150,000
Special Revenue Funds:				
Accommodations (2%) Tax Funds	—	292,747		1,029,880
Local Accommodations (1.5%) Tax Fund	—	408,021	—	2,136,286
Hospitality Fees (1%) Fund	—	225,106	—	1,838,756
Stormwater Drainage Fund	1,454,224	—	—	1,140,000
Debt Service Fund:				
Stormwater Bonds	—	—	1,140,000	—
Capital Projects Funds:				
Capital Improvement Fund	—	—	1,500,000	24,822
Street Improvement Fund	—	—	744,386	—
Beach Renourishment Fund	—	—	13,856	—
<b><u>Business-type Activities</u></b>				
Enterprise Funds:				
Solid Waste Fund	—	793,207	237,564	—
Aquatic Center Fund	135,863	219,990	715,650	—
Beach Services	—	3,417,456	—	—
	<u>\$ 5,356,527</u>	<u>\$ 5,356,527</u>	<u>\$ 8,319,744</u>	<u>\$ 8,319,744</u>

Net internal balances shown on the Statement of Net Assets between Governmental and Business-type activities equaled \$4,294,790, and resulted from short-term loans between individual funds. Net transfers of monies in/out of Governmental and Business-type activities shown on the Statement of Activities equaled \$953,215.

**5. Due To/From Other Governments**

The amounts due to/from other governmental agencies include the following:

	<u>Due From</u>	<u>Due To</u>
<b><u>Governmental Activities</u></b>		
General Fund:		
Grants	\$ 245,692	\$ —
Abandoned property	—	10,108
Special Revenue Fund:		
Accommodations (2%) Tax Fund	592,863	—
Capital Projects Fund:		
Street Improvement	391,785	—
	<u>\$ 1,230,340</u>	<u>\$ 10,108</u>
<b><u>Business-type Activities</u></b>		
Water and Sewer Utility Fund Grants	<u>\$ 323,634</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets

A summary of the changes in the City's capital assets during the year ended June 30, 2010, are as follows:

**Governmental Activities:**

	Balance June 30, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
<b>Capital assets not being depreciated:</b>					
Land	\$ 10,691,172	\$ 343,178	\$ —	\$ —	\$ 11,034,350
Construction in progress	4,016,197	874,778	—	(4,166,727)	724,248
Total capital assets not being depreciated	14,707,369	1,217,956	—	(4,166,727)	11,758,598
<b>Capital assets being depreciated:</b>					
Buildings	16,674,269	—	—	4,166,727	20,840,996
Improvements	5,647,305	—	—	—	5,647,305
Machinery and equipment	14,614,485	462,663	(130,452)	—	14,946,696
Infrastructure	50,437,954	2,846,695	—	—	53,284,649
Total capital assets being depreciated	87,374,013	3,309,358	(130,452)	4,166,727	94,719,646
<b>Less, accumulated depreciation for:</b>					
Buildings	(5,745,910)	(525,285)	—	—	(6,271,195)
Improvements	(2,218,683)	(301,635)	—	—	(2,520,318)
Machinery and equipment	(9,348,263)	(1,258,508)	130,452	—	(10,476,319)
Infrastructure	(11,464,496)	(1,761,558)	—	—	(13,226,054)
Total accumulated depreciation	(28,777,352)	(3,846,986)	130,452	—	(32,493,886)
Total capital assets being depreciated, net	58,596,661	(537,628)	—	4,166,727	62,225,760
Net capital assets – Governmental Activities	\$ 73,304,030	\$ 680,328	\$ —	\$ —	\$ 73,984,358

For the year ended June 30, 2010, depreciation expenses charged to Governmental Activities totaled \$3,846,986, which has been allocated to the respective departmental functions, in the Statement of Activities as follows:

General government administration	\$ 82,044
Finance	107,344
Information services	107,344
Public safety	1,448,482
Planning and development	21,325
Public works	1,874,598
Parks and recreation	156,231
Support services	49,618
	<u>\$ 3,846,986</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

**Business-type Activities:**

	Balance June 30, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
<u>Capital assets not being depreciated:</u>					
Land	\$ 232,014	\$ 252,391	\$ —	\$ —	\$ 484,405
Construction in progress	5,039,715	1,835,209	—	(4,703,226)	2,171,698
Total capital assets not being depreciated	5,271,729	2,087,600	—	(4,703,226)	2,656,103
<u>Capital assets being depreciated:</u>					
Buildings	11,105,864	—	—	—	11,105,864
Water and sewer systems	88,962,765	639,035	—	4,703,226	94,305,026
Improvements	23,281	—	—	—	23,281
Machinery and equipment	11,489,831	863,737	—	—	12,353,568
Total capital assets being depreciated	111,581,741	1,502,772	—	4,703,226	117,787,739
<u>Less, accumulated depreciation:</u>					
Buildings	(1,346,959)	(298,118)	—	—	(1,645,077)
Water and sewer systems	(26,965,162)	(1,733,500)	—	—	(28,698,662)
Improvements	(21,569)	(662)	—	—	(22,231)
Machinery and equipment	(7,888,458)	(1,026,028)	—	—	(8,914,486)
Total accumulated depreciation	(36,222,148)	(3,058,308)	—	—	(39,280,456)
Total capital assets being depreciated, net	75,359,593	(1,555,536)	—	4,703,226	78,507,283
Net capital assets – Business-type Activities	\$ 80,631,322	\$ 532,064	\$ —	\$ —	\$ 81,163,386

A summary of Proprietary Fund Type capital assets at June 30, 2010, is as follows:

	Water and Sewer Utility	Solid Waste Fund	Aquatic Center Fund	Beach Service Fund	Total
Land	\$ 484,405	\$ —	\$ —	\$ —	\$ 484,405
Buildings	668,218	323,620	9,700,878	413,148	11,105,864
Water and sewer systems	94,305,026	—	—	—	94,305,026
Other improvements	—	21,842	1,439	1,399,504	1,422,785
Machinery and equipment	4,883,734	5,348,786	721,544	—	10,954,064
Construction in progress	2,171,698	—	—	—	2,171,698
Totals	102,513,081	5,694,248	10,423,861	1,812,652	120,443,842
Less, accumulated depreciation	(32,815,598)	(3,903,103)	(1,654,427)	(907,328)	(39,280,456)
Net capital assets – Proprietary Funds	\$ 69,697,483	\$ 1,791,145	\$ 8,769,434	\$ 905,324	\$ 81,163,386

For the year ended June 30, 2010, depreciation expenses were charged to Business-type activities totaling \$3,058,308 (Water and Sewer Utility – \$2,079,954, Solid Waste Fund – \$377,880, Aquatic Center Fund – \$341,065, and Beach Service – \$259,409, respectively).

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt

Long-term debt (other than OPEB, see Note 13) of the City at June 30, 2010, consisted of the following:

A. Governmental Activities

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Final Maturity Dates</u>
<u>General Obligation Bonds:</u>				
Refunding	12/30/02	3.88%	\$ 371,000	February 1, 2012
Municipal Roads	4/22/09	3.26%	4,660,424	April 22, 2019
<u>Revenue Bonds:</u>				
Stormwater	7/08/04	3.77%	2,452,794	September 8, 2012
Total general obligation and revenue bonds			7,484,218	
Less, current portions (payable within one year)			(1,740,742)	
			<u>5,779,476</u>	
<u>Capital Lease:</u>				
Equipment lease '06	4/5/06	3.99%	426,470	April 5, 2011
Less, current portions (payable within one year)			(410,132)	
			<u>16,338</u>	
<u>Accrued Compensated Absences</u>				
Less, current portions (payable within one year)			902,390	
			<u>(902,390)</u>	
			<u>—</u>	
Total Long-Term Debt — Governmental Activities			<u>\$ 5,795,814</u>	

B. Business-type Activities

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Final Maturity Dates</u>
<u>Water and Sewer Utility Fund</u>				
Contract payable:				
Myrtle Beach/Grand Strand Water Sale and Purchase Agreement Series	09/18/91	2.75%-5.50%	\$ 9,920,000	March 1, 2020
Less, current portions (payable within one year)			(810,000)	
			<u>9,110,000</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatics and Fitness Center Note	11/13/03	4.10%	6,699,397	November 13, 2023
Less, current portions (payable within one year)			(363,744)	
			<u>6,335,653</u>	
<u>Accrued Compensated Absences</u>				
Less, current portions (payable within one year)			326,803	
			<u>(326,803)</u>	
			<u>—</u>	
Total Long-Term Debt — Business-type Activities			<u>\$ 15,445,653</u>	

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

C. Changes in Total Long-term Debt

Changes in the long-term debt of the City during the year ended June 30, 2010, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/10</u>
<b>Governmental Activities</b>					
<u>General Obligation Bonds:</u>					
Municipal Building	10/17/00	\$ 600,000	\$ —	\$ (600,000)	\$ —
Refunding	12/30/02	548,000	—	(177,000)	371,000
Municipal Roads	4/22/09	5,100,000	—	(439,576)	4,660,424
Total general obligation bonds		<u>\$ 6,248,000</u>	<u>\$ —</u>	<u>\$ (1,216,576)</u>	<u>\$ 5,031,424</u>
<u>Revenue Bonds:</u>					
Stormwater	7/08/04	<u>\$ 3,478,867</u>	<u>\$ —</u>	<u>\$ (1,026,073)</u>	<u>\$ 2,452,794</u>
<u>Capital Lease Payable:</u>					
New equipment lease '06	4/5/06	<u>\$ 836,629</u>	<u>\$ —</u>	<u>\$ (410,159)</u>	<u>\$ 426,470</u>
<b>Business-type Activities</b>					
<u>Contracts Payable:</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement (see Note 8)	09/18/91	<u>\$ 10,695,000</u>	<u>\$ —</u>	<u>\$ (775,000)</u>	<u>\$ 9,920,000</u>
<u>Notes Payable:</u>					
Aquatics and fitness center note obligation	11/13/03	<u>\$ 7,048,815</u>	<u>\$ —</u>	<u>\$ (349,418)</u>	<u>\$ 6,699,397</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

D. Annual Requirements for Long-term Debt

The annual debt service requirements to amortize all of the City's long-term debt, except accrued compensated absences, are summarized below:

	Interest Requirements	Principal Requirements	Total Requirements
General Obligation Bonds:			
2011 (Due within one year)	\$ 166,324	\$ 638,906	\$ 805,230
2012	144,348	654,703	799,051
2013	121,853	483,983	605,836
2014	106,075	499,761	605,836
2015	89,783	516,053	605,836
2016	72,959	532,876	605,835
2017	55,588	550,248	605,836
2018	37,650	568,186	605,836
2019	19,127	586,708	605,836
	<u>\$ 813,707</u>	<u>\$ 5,031,424</u>	<u>\$ 5,845,132</u>
Revenue Bonds: (Stormwater Utility)			
2011 (Due within one year)	\$ 74,164	\$ 1,065,836	\$ 1,140,000
2012	33,280	1,106,720	1,140,000
2013	2,762	280,238	283,000
	<u>\$ 110,206</u>	<u>\$ 2,452,794</u>	<u>\$ 2,563,000</u>
Contract Payable:			
2011 (Due within one year)	\$ 526,450	\$ 810,000	\$ 1,336,450
2012	481,900	856,667	1,338,567
2013	434,783	905,000	1,339,783
2014	385,788	950,000	1,335,788
2015	335,913	998,333	1,334,246
2016	283,500	1,053,333	1,336,833
2017	228,200	1,110,000	1,338,200
2018	169,925	1,168,333	1,338,258
2019	108,588	1,225,000	1,333,588
2020	44,275	843,334	887,609
	<u>\$ 2,999,322</u>	<u>\$ 9,920,000</u>	<u>\$ 12,919,322</u>
Note Payable:			
2011 (Due within one year)	\$ 274,675	\$ 363,744	\$ 638,419
2012	259,762	378,657	638,419
2013	244,237	394,182	638,419
2014	228,075	410,344	638,419
2015	211,251	427,168	638,419
2016	193,737	444,682	638,419
2017	175,505	462,914	638,419
2018	156,526	481,893	638,419
2019	136,768	501,651	638,419
2020	116,200	522,219	638,419
2021	94,790	543,629	638,419
2022	72,501	565,918	638,419
2023	49,298	589,121	638,419
2024	25,144	613,275	638,419
	<u>\$ 2,238,469</u>	<u>\$ 6,699,397</u>	<u>\$ 8,937,866</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

D. Annual Requirements for Long-term Debt (Continued)

Capital Lease Obligations

At June 30, 2010, the City maintained capital lease for its Smartnet Motorola system and various equipment in Governmental Activities with a gross value of \$1,916,167 and net accumulated depreciation of \$958,083. The future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	
2011	\$ 443,514
Total lease payments	443,514
Less, interest	(17,044)
Present value of future minimum lease payments	426,470
Less, current portion	(410,132)
Total non-current portion	<u>\$ 16,338</u>

E. Revenue Bond Requirements

The ordinance provisions supporting the Stormwater Utility Revenue Bonds and the Water and Sewer System Refunding Revenue Bonds require the maintenance of the following funds:

Gross Revenue Fund – All revenues generated respectively by the Stormwater Utility and the Water and Sewer System are to be deposited in this fund. This revenue is included in the Stormwater Special Revenue Fund and Water and Sewer Enterprise Fund.

Operation and Maintenance Fund – This fund is intended to provide for the payment of expenses incurred in connection with the administration and operation of the system, and such expenses as may be necessary to preserve the system in good repair and working order. These expenses are included in the Stormwater Special Revenue Fund and Water and Sewer Enterprise Fund, respectively.

Debt Service Fund – Transfers from the Gross Revenue Fund are required to meet bond redemptions and interest payments. This account is titled “Bond and Interest Redemption and Cushion Funds” in the Water and Sewer Enterprise Fund and the Stormwater Debt Service Fund, respectively. Additionally, in lieu of making deposits into a Debt Service Reserve Fund, the City has obtained a Debt Service Reserve Surety Bond issued by a third-party guarantor.

Depreciation and Contingent Fund – A transfer from the Gross Revenue Fund is required annually in an amount determined by the City. These funds are to be used for the purposes of restoring depreciated or obsolete items of the system and for contingencies, improvements, betterments and extensions of the system. At June 30, 2010, no amounts have been transferred.

There are a number of limitations and restrictions contained in the respective revenue bond indentures, all of which the City complied at June 30, 2010.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**8. Contracts Payable and Long-term Commitments**

Water Sale and Purchase Agreement

The City is obligated under a Water Sale and Purchase Agreement (the Agreement), whereby the City purchased capacity of eleven (11) million gallons per day in the City of Myrtle Beach, South Carolina (Myrtle Beach) water treatment plant. During 2006, Myrtle Beach assigned all of its rights, title and interest of the contract to Grand Strand Water and Sewer Authority (GSWSA). The City's obligation under the Agreement is to make payments to GSWSA solely from charges for water services. The City does not receive any ownership rights in the water treatment plant under the Agreement and is obligated to make the scheduled payments regardless of actual usage of water from the system. The Agreement expires in 2021 upon the final maturity of the related bonds.

The City's purchase cost incurred, which consists of a pro rata portion of original construction costs incurred by Myrtle Beach, plus refunding and impact fees, has been recorded by the City as an asset ("deferred charge"), net of amortization, in the Water and Sewer Utility Fund. Total purchased costs equaled approximately \$19.6 million.

At year end June 30, 2010, net carrying value of the deferred charge equaled \$7,223,611 and accumulated amortization expense equaled \$12,336,312. For 2010, amortization expense equaled \$654,069. The City's obligation to make payments to GSWSA to retire a pro rata portion of the principal of bonds issued by GSWSA to finance the water treatment plant has been recorded as contracts payable in the Water and Sewer Utility Fund (*see Note 7*). Additionally, the City is obligated to make a monthly payment attributable to its pro rata share of the cost of operating and maintaining the water treatment plant and related booster pumps. Currently estimated annual costs, which will be charged to expense as incurred, are approximately \$500,000 plus twenty (20) percent of the annual debt service component. A portion of the annual operating cost paid is deposited into a Renewal and Replacement Fund held by GSWSA to provide for depreciation, contingencies, improvements and extensions of the plant. If at the end of any fiscal year, there shall be on deposit in the Renewal and Replacement Fund an amount in excess of \$1,000,000, the City will be entitled to a reimbursement from GSWSA. Deposits on hand with GSWSA as of June 30, 2010 have been reported in the Enterprise Fund as restricted assets.

During the term of the Agreement, the City covenants that it will maintain rates and charges for its water and sewer system to enable the Water and Sewer Enterprise Fund to maintain the sum of net income, depreciation, amortization and interest at levels equal to at least 120% of total debt service requirements for each year.

Wastewater Treatment Service Agreement

The City is obligated under a Wastewater Treatment Service Agreement with the Grand Strand Water and Sewer Authority (GSWSA), an independent authority whose membership is appointed by elected officials from Horry County, South Carolina, to provide wastewater treatment services for the City. Under the agreement, the City is obligated to pay periodically an amount based on volume usage equal to a pro rata share of GSWSA's cost of wastewater treatment. The term of the agreement expires in the year 2020.

During FY 03-04, the City exercised its option and acquired additional sewer capacity from GSWSA at a cost of approximately \$9.0 million for 3.0 million gallons per day (mgd). The total capacity of the City's wastewater treatment plants is 5.4 mgd. At June 30, 2010, net carrying value equaled \$7,540,899 and accumulated amortization expense equaling \$1,463,159. For 2010, amortization expense equaled \$225,102.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Capital Contributions

Capacity (system impact) charges, non-operating grants, and other capital contributions have been recognized in the Government-Wide financial statements and in the Proprietary Funds as a change in net assets. Capacity (system impact) charges are designed to reimburse the City for cost of providing additional facilities and services made necessary by the impact of new utility users. Capacity charges are recognized when the fees become non-refundable, typically when the construction is completed.

For the Proprietary Fund, a summary of capacity charges recognized and system contributions deeded from developers during the year ended June 30, 2010, were as follows:

Utility system impact fees	\$	1,031,593
System contributions by developers		—
Total capital contributions	\$	<u>1,031,593</u>

10. Net Assets

Net assets of the Government-Wide and Proprietary Fund financial statements represent the difference between assets and liabilities. Reported amounts for invested in capital assets and restricted net assets were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b><u>Invested in Capital Assets, Net of Related Debt:</u></b>		
Net capital assets	\$ 73,984,358	\$ 81,163,386
Less, G.O., revenue bonds, note and capital lease payable.	(7,910,688)	(6,699,387)
Less, construction and retainage payable for capital items	—	—
Total invested in capital assets, net of related debt	<u>\$ 66,073,670</u>	<u>\$ 74,463,999</u>
<b><u>Restricted:</u></b>		
Equity in pooled cash and cash equivalents	\$ 258,504	\$ 1,571,188
Restricted cash, cash equivalents and deposits	429,878	7,651,136
Less, liabilities payable from restricted assets	(186,104)	(2,022,739)
	<u>\$ 502,278</u>	<u>\$ 7,199,586</u>
Restricted net assets:		
Public safety:		
Victims' assistance programs	\$ 75,149	\$ —
Drug enforcement programs	345,740	—
Scholarships	58,460	—
Public works:		
Shore protection project	22,929	—
Future capacity of utility	—	7,199,586
Total restricted net assets	<u>\$ 502,278</u>	<u>\$ 7,199,586</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans**

The City presently maintains two defined contribution plans (Money Purchase Retirement Plans #1 and #2) and also participates in the South Carolina Police Officers Retirement System, a cost-sharing multiple-employer public employee retirement system. Detailed disclosures about each of these plans follow:

**Money Purchase Retirement Plans**

**A. Plan Description**

In 1994, the City established a money purchase plan and trust Money Purchase Retirement Plans #1 and #2 to be known as “North Myrtle Beach 401(a) Plan for General Employees and Firefighters”.

The Money Purchase Retirement Plans #1 and #2 are single-employer defined contribution retirement systems administered by the International City Managers’ Association (ICMA) Retirement Corporation. The City is the only non-employee contributor to the plans and maintains authority (through the Mayor and Council) to establish and amend contribution requirements. All employees of the City are covered by the two plans with Plan #2 covering certain administrative personnel and Plan #1 covering the balance of the work force.

The plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined. The benefits a participant will receive depend solely on the amount contributed to the participant’s account, the returns earned on investments of those contributions, and forfeitures of other participants’ benefits that may be allocated to such participant’s account. Contributions made by participants vest immediately and participant loans are permitted.

**B. Basic Provisions**

The City has adopted the Declaration of Trust of the ICMA Retirement Trust. Under terms of the trust, the City (as Trustee), or the Plan Administrator acting as agent for the trustee, shall have the investment powers listed in the Declaration with respect to investment of Trust, except to the extent that the investment of Trust assets is controlled by participants.

The Trust created under the plan shall consist of all the assets of the Plan derived from employer contributions and participant contributions under the plan, plus any income and gains thereon, less any losses, expenses, and distributions to participants and beneficiaries.

Contributions from the City and the City’s employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the retirement plan. The net appreciation (depreciation) in the fair value of investments held by the retirement plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet. Investments in securities (if applicable) are valued at current market prices at June 30, 2010. Investments of the Trust at June 20, 2010, consisted of only mutual fund shares and money market funds (i.e., cash and temporary investments). No investment in any one organization represents 5% or more of the net assets available for pension benefits. There are no investments in, loans to, or leases with parties related to the pension plan. At June 30, 2010, separate, GAAP financial reports have not been issued for the Money Purchase Retirement Plans #1 and #2.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

**Money Purchase Retirement Plans (Continued)**

C. Funding Policy

For Plan #1, the City contributes 8% of the employees' gross earnings and each participant is required to contribute 2%. Contributions made by the City are vested 100% after 5 years of full-time employment. For Plan #2, the City and each participant contribute 12% and contributions vest immediately. As of June 30, 2010, the plans' participants equaled 258 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2010, approximated \$9,756,600. The City's total payroll, without adjustment for accruals, was approximately \$18,018,737. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2010, equaled \$779,195 and \$10,923, respectively, and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and #2 for the year ended June 30, 2010, equaled \$195,132 and \$10,923 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Assets  
June 30, 2010**

	<b>Pension Trust Funds</b>		
	<b>Money Purchase Retirement Plan #1</b>	<b>Money Purchase Retirement Plan #2</b>	<b>Combined Total</b>
<b>Assets</b>			
Cash and temporary investments	\$ 11,531,224	\$ 362,308	\$ 11,893,532
Receivables – Participant loans	659,438	—	659,438
<b>Total assets</b>	<b>\$ 12,190,662</b>	<b>\$ 362,308</b>	<b>\$ 12,552,970</b>
<b>Net Assets</b>			
Held in trust for employee's pension benefits	\$ 12,190,662	\$ 362,308	\$ 12,552,970

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

Money Purchase Retirement Plans (Continued)

Combining Statement of Changes of Plan Net Assets  
Year Ended June 30, 2010

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
<b>Additions</b>			
Employer contributions	\$ 779,195	\$ 10,923	\$ 790,118
Employee (member) contributions	195,132	10,923	206,055
Investment income (loss)	919,777	29,640	949,417
Non-vested rollover	—	—	—
Total additions	1,894,104	51,486	1,945,590
<b>Deductions</b>			
Benefit payments/loan issuance costs			
Trustee fees	623,504	14,000	637,504
Forfeitures	—	—	—
Total deductions	623,504	14,000	637,504
Change in net assets	1,270,600	37,486	1,308,086
Net assets, beginning of year	10,920,062	324,822	11,244,884
Net assets, end of year	\$ 12,190,662	\$ 362,308	\$ 12,552,970

South Carolina Police Officers Retirement System

A. Plan Description

The City participates in the South Carolina Police Officers Retirement System (PORS), which is a cost-sharing multi-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board. City police officers and certain other public safety officers are required to participate in and contribute to the PORS as a condition of employment.

The South Carolina Police Officers Retirement System offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws.

A comprehensive annual financial report containing financial statements and required supplementary information for the South Carolina Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, P. O. Box 11960, Columbia, SC 29211-1960.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

**South Carolina Police Officers Retirement System (Continued)**

B. Funding Policy

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws.

Employees are required to contribute 6.5% of their salary to the Plan.

Employers are required to contribute to the Plan at an actuarially determined rate. The rate for the year ended June 30, 2010, was 10.3%. In addition, the City contributes .2% to provide group life insurance and .2% to provide accidental death benefits. The City's contributions to the PORS for the years ending June 30, 2010, 2009 and 2008 were \$704,161, \$668,346, and \$632,882, respectively, equal to the required contributions for each year.

**City of North Myrtle Beach Death, Disability and Retirement Benefit Plan-Terminated**

Prior to FY 95, the City maintained its own self-funded death, disability and retirement plan. The plan was a single-employer, defined benefit pension plan administered by the City, as trustee, with plan assets held by a commercial bank under the terms of a custodial and management agreement with the City. In 1994, the City, via resolution, terminated the plan, which effectively ceased all future participation requirements and benefit accruals. All remaining net assets available for benefits (\$307,309 at June 30, 2010) are maintained by a third-party trustee. At June 30, 2010, \$59,247 has been recorded as a receivable in the General Fund (*see Note 3*) from the excess of net assets over actuarial liabilities.

All City employees who were actively employed by the City as of June 30, 1994 and whose customary employment was for at least 30 hours per week were eligible and were required to participate in the City's Money Purchase Retirement Plans with all applicable net assets of the terminated plan being transferred accordingly.

For those employees who have retired under the terminated plan, or vested employees who had left the City employ prior to plan termination, will receive a comparable level of benefits as defined by the plan and trust agreement, or a negotiated settlement.

**12. Risk Management**

The City is exposed to various risks of loss related to torts-theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial property insurance coverage and general liability coverage for these risks, except as noted below. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

The City participates in the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF), an insurance pool currently operating as a common risk management and insurance program. The pool provides coverage up to \$500,000 for property and liability insurance. The pool has excess commercial insurance that increases coverage to \$300,000 (per occurrence) for property, \$1 million for liability, \$75 million for boiler and machinery and \$100,000 surety coverage. The City pays an annual premium to SCMIRF for its general insurance coverage. Payments made for the year ended June 30, 2010, were \$521,728.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**12. Risk Management (Continued)**

The City participates in the South Carolina Local Government Assurance Group (SCLGAG) to provide for the administration of a plan providing health insurance coverage to all employees. Effective July 1, 1997, the City changed its plan and became an “experience rated” participant in the SCLGAG. Claims in excess of \$100,000 (stop-loss provision) are insured by a private carrier selected by the SCLGAG. Cash is transferred, in the form of “contributions” monthly to the SCLGAG to provide for the payment of claims, including a reserve against unusually large claims, as they are filed. The SCLGAG experienced rated members collectively share in claims between \$60,000 and \$100,000.

The City participates in the South Carolina Municipal Insurance Trust (SCMIT), an insurance pool covering the City’s worker’s compensation liability program. The City funds the costs by charging premiums to user departments. Claims in excess of \$600,000 (stop-loss provision) are issued by a private carrier selected by the SCMIT. The City made premium payments totaling \$342,060 for the year ended June 30, 2010. The limits of liability for tort actions not specifically exempt by the South Carolina Government Tort Claims Act are \$300,000 per person and \$600,000 per occurrence.

Changes in the aggregate liability are as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Unpaid claims at beginning of year	\$ (211,831)	\$ 4,204	\$ 80,874
Incurred claims for current and prior year events where the City has retained risk of loss	2,959,271	3,120,321	3,280,261
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(3,123,541)</u>	<u>(3,336,356)</u>	<u>(3,203,591)</u>
(Reserve)/unpaid claims at end of year	<u>\$ (376,101)</u>	<u>\$ (211,831)</u>	<u>\$ 4,204</u>

The City also is self-insured for unemployment benefits. Claims are administered by the South Carolina Department of Employment and Workforce and are then reimbursed by the City. No liability has been accrued at year end for potential claims, as they are expected to be minimal.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**13. Post-Employment Benefits Other Than Pension**

Plan Description

In addition to the pension benefits described in *Note 11*, the City maintains a policy whereby an employee who has 20 years of continuous service with the City will have the opportunity to participate in the City's single employer defined benefit other post-employment benefit (OPEB) plan, hereafter referred to as "OPEB" or the "Program". The plan offers retired employees' premium payments for the employee group health insurance plan (including dental) at no cost. The City's policy premium rates were \$7,126 for the retiree and \$4,715 for the spouse for the year ended June 30, 2010. The retiree pays nothing for retiree only coverage and pays the full premium rate of \$4,715 for spouse coverage. The program covers the retired employee until the earlier of (1) the retired employee reaches age 65, or (2) the retired employee qualifies for health insurance under another plan. The City (through the Mayor and Council) currently administers the program and maintains the authority for establishing benefits and funding policy. The program does not issue separate stand alone financial statements and is not included in the financial statements of another entity.

Funding Policy

The City's contributions are financed on a pay-as-you-go basis and therefore, no trust fund has been established which would maintain plan net assets. At June 30, 2010, the City had 24 retired employees who are covered under this program, with an average age of 64.0 years covered by the program and monthly premium costs averaging \$594 per participant. Total expenses incurred and paid by the City for the year ended June 30, 2010 were \$121,958 or approximately 10.7% of the annual required contribution.

Annual Other Post-Employment Benefit (OPEB) Cost

The annual required contribution ("ARC") represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual other post-employment benefit (OPEB) cost for the current year and the related information for the program is as follows:

Employer normal costs	\$ 693,856
Amortization of UAL	450,869
Annual required contribution (ARC)	<u>1,144,725</u>
Interest on net other post-employment benefit (OPEB) obligation	93,645
Adjustment to required annual contribution	<u>108,236</u>
Annual other post-employment benefit (OPEB) cost	1,346,600
Contributions made	<u>(121,958)</u>
Increase in net other post-employment benefit (OPEB) obligation	1,224,648
Net other post-employment benefit (OPEB) obligation – beginning of year	<u>1,238,370</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u>\$ 2,463,018</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**13. Post Employment Benefits Other Than Pension (Continued)**

Funded Status and Funding Progress

The actuarial accrued liability for benefits was \$8,108,305, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$18,018,737, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 45 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the other post-employment benefit (OPEB) and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of other post-employment benefit (OPEB) assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive program (the program as understood by the City and participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the participants to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued other post-employment benefit (OPEB) liabilities and the actuarial value of other post-employment benefit (OPEB) assets.

In the actuarial valuation dated July 1, 2008, the Projected Unit cost method and the Dollar Closed amortization method were used. The unfunded actuarial accrued liability (“UAAL”) amortization payment is the fixed amount of payroll required to fully amortize the UAAL over a 30 year period. The remaining amortization period is 30 years. The actuarial assumptions included an estimated investment rate of return of 4.00% (which is the annual return net of both administrative and investment related expenses) and a healthcare inflation rate of 5% annually.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**14. Contingencies**

**Litigation**

The City is party to legal proceedings that normally occur in governmental operations. City officials believe the legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

**Federal and State Assisted Programs**

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds.

Such audits could result in the refund of grant monies to the grantor agencies. However, management believes that any required refunds would be immaterial and no provision has been made in the accompanying financial statements for the refund of grant monies.

**15. Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanations of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The Governmental Fund Balance Sheet includes a reconciliation between fund balance amounts and Net Assets-Governmental Activities. The details of the reconciled amounts are as follows:

*Capital assets in governmental activities are not financial resources and therefore are not reported in the fund financial statements:*

Capital assets	\$ 106,478,244
Less, accumulated depreciation	(32,493,886)
Net amount reported	<u>\$ 73,984,358</u>

*Some of the City's taxes will be collected after year end, but are not available soon enough to pay for current period's expenditures:*

Property taxes, net of allowance for uncollectible	\$ 112,251
Net amount reported	<u>\$ 112,251</u>

*Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements:*

Accrued interest expense	\$ (115,001)
Insurance claims payable	(72,962)
General obligation bonds payable	(5,031,424)
Revenue bonds payable	(2,452,794)
Capital lease payable	(426,470)
Accrued compensated absences – long-term portion	(880,907)
Other Post Employment Benefits (OPEB)	(1,852,409)
Net amount reported	<u>\$ (10,831,967)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**15. Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**B. Explanations of Differences Between the Governmental Fund Statement of Revenue, Expenditures and Fund Balances and the Government-Wide Statement of Activities**

The Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances include a reconciliation between net changes in fund balance and Changes in Net Assets-Governmental Activities. The details of the reconciled amounts are as follows:

*Governmental funds report capital outlays 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 outlay exceeds depreciation in the current period:*

Capital outlay expenditures	\$ 4,527,314
Depreciation expense	<u>(3,846,986)</u>
Net amount reported	<u>\$ 680,328</u>

*Some revenue (and changes thereof) reported in the Statement of Activities do not provide current financial resources and are reported as revenues in these funds.*

<u>\$ (159,090)</u>
---------------------

*Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:*

Other Post Employment Benefit (OPEB)	\$ (926,204)
Accrued interest expense – net	(115,001)
Insurance claims payable	(72,962)
Other	<u>44,580</u>
Net amount reported	<u>\$ (1,069,587)</u>

*The issuance of long – term debt provides current financial resources to governmental funds, while repayment of principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long – term debt and related items:*

Principal repayments – G.O. Bonds, revenue bonds and capital lease and transfers to escrow agents and other related costs	\$ 2,652,808
Net amount reported	<u>\$ 2,652,808</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2010

(With comparative actual amounts for June 30, 2009)

	2010		Actual	Variance Positive (Neg.)	2009
	Budget Original	Final			Actual
<b>Revenue</b>					
Current property taxes	\$ 11,350,000	\$ 11,350,000	\$ 10,822,314	\$ (527,686)	\$ 10,903,564
Delinquent property taxes	205,000	205,000	504,785	299,785	167,342
Licenses and permits	7,363,500	7,363,500	6,607,116	(756,384)	7,105,498
Fines and forfeitures	509,000	509,000	591,575	82,575	594,020
Use of money and property	300,000	300,000	184,681	(115,319)	238,245
Unrestricted intergovernmental	896,600	896,600	925,511	28,911	1,134,667
Restricted intergovernmental	485,000	485,000	573,294	88,294	422,342
Sales and service charges	298,000	298,000	316,441	18,441	298,735
Miscellaneous	25,000	25,000	27,356	2,356	18,218
<b>Total revenue</b>	<b>21,432,100</b>	<b>21,432,100</b>	<b>20,553,073</b>	<b>(879,027)</b>	<b>20,882,631</b>
<b>Expenditures</b>					
<b>General Government Administration</b>					
General services	739,041	1,150,041	1,174,625	(24,584)	790,373
Legislative	96,743	96,743	103,867	(7,124)	292,080
Administrative	152,313	152,313	120,429	31,884	115,795
City Court	426,928	426,928	390,657	36,271	370,040
Legal	140,737	140,737	170,619	(29,882)	154,600
Personnel	446,442	446,442	394,707	51,735	432,161
Total	2,002,204	2,413,204	2,354,904	58,300	2,155,049
Less, capital outlay	(7,500)	(418,500)	(414,488)	(4,012)	(9,528)
Net general government administration	1,994,704	1,994,704	1,940,416	54,288	2,145,521
<b>Finance</b>					
Accounting	329,892	329,892	320,546	9,346	353,524
Revenue	405,259	405,259	397,170	8,089	386,795
Total	735,151	735,151	717,716	17,435	740,319
Less, capital outlay					(90,320)
Net finance	735,151	735,151	717,716	17,435	649,999
<b>Information Services</b>					
Total	395,967	395,967	439,527	(43,560)	409,404
Less, capital outlay	(35,000)	(35,000)	(110,628)	(75,628)	(61,184)
Net information services	360,967	360,967	(328,899)	32,068	348,220
<b>Public Safety</b>					
Administrative	319,602	319,602	286,204	33,398	343,205
Uniform patrol	4,348,993	4,483,993	4,280,720	203,273	4,411,677
Community services	724,917	724,917	739,354	(14,437)	762,253
Detectives	857,977	857,977	878,132	(20,155)	842,279
Communications/Detention	1,081,975	1,081,975	1,016,532	65,443	1,030,300
Records	263,441	263,441	246,069	17,372	254,728
Victim's assistance	80,012	80,012	71,788	8,224	65,281
Police training	157,428	157,428	128,659	28,769	167,190
Fire suppression	3,205,250	3,205,250	3,178,469	26,781	3,002,894
Fire prevention	322,888	322,888	321,266	1,622	317,801
Total	11,362,483	11,497,483	11,147,193	350,290	11,197,608
Less, capital outlay	(82,000)	(82,000)	(237,183)	155,183	(442,809)
Net public safety	11,280,483	11,415,483	10,910,010	505,473	10,754,799

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2010			Variance Positive (Neg.)	2009
	Budget		Actual		Actual
	Original	Final			
<b>Expenditures (Continued)</b>					
<b>Planning/Development</b>					
Planning/zoning administration:	859,487	859,487	786,276	73,211	789,468
Code enforcement	676,410	676,410	667,004	9,406	624,052
Total	1,535,897	1,535,897	1,453,280	82,617	1,413,520
Less, capital outlay	—	—	—	—	—
Net planning/development	1,535,897	1,535,897	1,453,280	82,617	1,413,520
<b>Public Works</b>					
Streets/drainage	1,865,360	1,865,360	1,863,243	2,117	1,958,835
Less, capital outlay	—	—	—	—	(237,885)
Net public works	1,865,360	1,865,360	1,863,243	2,117	1,720,950
<b>Parks and Recreation</b>					
Recreation administration	253,205	253,205	330,566	(77,361)	911,557
Athletics	199,061	199,061	207,920	(8,859)	—
Programs	638,613	638,613	540,175	98,438	—
Parks and grounds	1,366,239	1,366,239	1,237,730	128,509	1,644,241
Total	2,457,118	2,457,118	2,316,391	140,727	2,555,798
Less, capital outlay	(245,000)	(245,000)	(145,532)	(99,468)	(654,881)
Net parks and recreation	2,212,118	2,212,118	2,170,859	41,259	1,900,917
<b>Support Services</b>					
Purchasing	182,307	182,307	153,683	28,624	176,714
Fleet maintenance	267,632	267,632	255,920	11,712	251,848
Custodial services	215,726	215,726	257,896	(42,170)	271,596
Total	665,665	665,665	667,499	(1,834)	700,158
Less, capital outlay	—	—	—	—	(44,065)
Net support services	665,665	665,665	667,499	(1,834)	656,093
<b>Debt Service</b>					
Principal retirement	1,607,133	1,607,133	1,626,708	(19,575)	1,141,396
Interest and fiscal charges	290,503	290,503	219,382	71,121	139,446
Agent fees	20,000	20,000	33,381	(13,381)	288
Total debt service	1,917,636	1,917,636	1,879,471	38,165	1,281,130
<b>Capital Outlay</b>	369,500	780,500	907,831	(127,331)	1,540,672
<b>Total expenditures</b>	<b>22,937,481</b>	<b>23,483,481</b>	<b>22,839,224</b>	<b>644,257</b>	<b>22,411,821</b>
Excess (deficiency) of revenue over (under) expenditures	(1,505,381)	(2,051,381)	(2,286,151)	(234,770)	(1,529,190)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2010			Variance Positive (Neg.)	2009
	Budget Original	Budget Final	Actual		Actual
<b>Other Financing Sources (Uses)</b>					
Transfers in:					
From Accommodations (2%) Tax Fund	758,321	758,321	679,042	(79,279)	881,414
From Local (1.5%) Accommodations Tax Fund	1,550,000	1,550,000	1,425,668	(124,332)	1,400,112
From Local (1%) Hospitality Fee Fund	2,025,000	2,025,000	1,838,756	(186,244)	1,859,975
From Capital Projects Fund			24,822	24,822	—
Total transfers in	4,333,321	4,333,321	3,968,288	(365,033)	4,141,501
Transfers (out):					
To Capital Improvement Fund	(1,500,000)	(1,500,000)	(1,500,000)	—	(1,800,000)
To Street Improvement Fund	(650,000)	(650,000)	(650,000)	—	(750,000)
Total Transfers (out)	(2,150,000)	(2,150,000)	(2,150,000)	—	(2,550,000)
Total other financing sources (uses)	2,183,321	2,183,321	1,818,288	(365,033)	1,591,501
<b>Net change in fund balance</b>	<b>677,940</b>	<b>(131,940)</b>	<b>(467,863)</b>	<b>(335,923)</b>	<b>62,311</b>
Fund balance, beginning of year	9,752,787	9,752,787	9,752,787	—	9,690,476
Fund balance, end of year	<u>\$ 10,430,727</u>	<u>\$ 9,620,847</u>	<u>\$ 9,284,924</u>	<u>\$ (335,923)</u>	<u>\$ 9,752,787</u>

**Notes to Schedule:**

Budget to Actual Deficits

As needed actual General Fund expenditures were funded by unreserved and reserved fund balances, additional unbudgeted revenue and transfers.

Budgets and Budgetary Accounting

The City follows the procedures described below in establishing the budgetary data reflected in the financial statements:

- By May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures (expenses) and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- By June 30, the budget is legally enacted through passage of an ordinance to set the tax levy (millage) for the fiscal year.
- The City Manager is legally authorized by ordinance to transfer amounts within and between funds; however, any revisions that alter the total expenditures, other than transfers, of the approved initial budget must be approved by the City Council.
- The City employs formal budgetary integration as a management control device during the year and legally adopts a budget for the General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Funds, and Enterprise Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is not employed for the Trust and Agency funds.
- Appropriations lapse at the end of each fiscal year.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/01/08	—	8,108,305	\$8,108,305	0%	\$18,018,737	45.0%

CITY OF NORTH MYRTLE BEACH

## OTHER FINANCIAL INFORMATION

CITY OF NORTH MYRTLE BEACH

COMBINING 'NON-MAJOR' GOVERNMENTAL  
FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ 152	\$ —	\$ 2,982,404	\$ 2,982,556
Receivables	633,127	—	—	633,127
Due from other governments	592,863	—	391,785	984,648
<b>Total assets</b>	<b>\$ 1,226,142</b>	<b>\$ —</b>	<b>\$ 3,374,189</b>	<b>\$ 4,600,331</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 294,236	\$ —	\$ 162,066	\$ 456,302
Due to other funds	925,874	—	—	925,874
<b>Total liabilities</b>	<b>1,220,110</b>	<b>—</b>	<b>162,066</b>	<b>1,382,176</b>
Fund balances:				
Reserved for:				
Shore Protection	—	—	22,929	22,929
Cherry Grove drainage	—	—	980,009	980,009
Unreserved/ undesignated	6,032	—	2,209,185	2,215,217
<b>Total fund balances</b>	<b>6,032</b>	<b>—</b>	<b>3,212,123</b>	<b>3,218,155</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,226,142</b>	<b>\$ —</b>	<b>\$ 3,374,189</b>	<b>\$ 4,600,331</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2010

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenue</b>				
Use of money and property	\$ 172	\$ —	\$ 32,502	\$ 32,674
Restricted intergovernmental	6,090,519	—	1,806,030	7,896,549
Sales and service charges	—	—	120	120
Miscellaneous	—	—	2,990	2,990
Total revenue	<u>6,090,691</u>	<u>—</u>	<u>1,841,642</u>	<u>7,932,333</u>
<b>Expenditures</b>				
Current:				
General government administration	—	—	504,400	504,400
Public works	—	—	4,338,540	4,338,540
Parks and recreation	1,055,480	—	575,933	1,631,413
Debt Service	—	1,140,000	—	1,140,000
Total expenditures	<u>1,055,480</u>	<u>1,140,000</u>	<u>5,418,873</u>	<u>7,614,353</u>
Excess (deficiency) of revenue over (under) expenditures	<u>5,035,211</u>	<u>(1,140,000)</u>	<u>(3,577,231)</u>	<u>317,980</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	1,140,000	2,258,242	3,398,242
Transfers (out)	(5,004,922)	—	(24,822)	(5,029,744)
Total other financing sources (uses)	<u>(5,004,922)</u>	<u>1,140,000</u>	<u>2,233,420</u>	<u>(1,631,502)</u>
<b>Net change in fund balances</b>	<b>30,289</b>	<b>—</b>	<b>(1,343,811)</b>	<b>(1,313,522)</b>
Fund balances, beginning of year	(24,257)	—	4,555,934	4,531,677
Fund balances, end of year	<u>\$ 6,032</u>	<u>\$ —</u>	<u>\$ 3,212,123</u>	<u>\$ 3,218,155</u>

CITY OF NORTH MYRTLE BEACH

INDIVIDUAL FUND  
FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH

## GENERAL FUND

The General Fund is the major operating fund of the City's governmental activities and is used to account for all financial resources except those required to be accounted for in other funds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
BALANCE SHEET

JUNE 30, 2010

(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,462,969	\$ 4,9338,470
Equity in pooled cash and cash equivalents	—	1,636,546
Deposits held by others	26,886	—
Receivables:		
Property taxes	975,310	871,523
Less, allowance for doubtful accounts	(944,711)	(836,717)
Franchise fees	744,669	585,680
Grants	311,241	352,221
Defined Benefit Pension Trust Fund	59,247	147,531
Other receivables	34,546	9,286
Due from other governments:		
State of South Carolina	156,303	166,503
Horry County	89,389	113,364
Due from other funds:		
Accommodations (2%) Tax Fund	292,747	389,215
Local Accommodations (1.5%) Tax Fund	272,158	242,620
Hospitality (1.0%) Fees Fund	225,106	210,583
Solid Waste Fund	793,207	1,009,458
Aquatic Center Fund	219,990	320,772
Beach Service Fund	1,963,232	—
Inventories and prepaid items	190,024	525,264
Restricted assets:		
Cash and cash equivalents:		
Drug enforcement account	345,740	203,897
Police seizures held	27,972	26,424
Public safety scholarship fund	56,166	44,505
Equity in pooled cash and cash equivalents:		
Bail bond account	156,521	159,935
Total assets	<u>\$ 10,458,712</u>	<u>\$ 11,117,080</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
BALANCE SHEET

— CONTINUED —

	<u>2010</u>	<u>2009</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 460,792	\$ 572,303
Accrued payroll and withholdings payable	423,847	385,078
Accrued compensated absences	21,483	95,113
Insurance claims payable, net	71,454	106,101
Due to other governments:		
State of SC – abandoned property	10,108	14,327
Payable from restricted assets:		
Bail bonds	156,521	159,934
Police seizures held	27,971	26,424
Magistrate payable	1,612	5,013
Total liabilities	<u>1,173,788</u>	<u>1,364,293</u>
Fund Balance:		
Reserved for inventories and prepaid items	190,024	525,264
Reserved for victims assistance	75,149	87,279
Reserved for scholarship fund	56,165	44,505
Reserved for grants receivable	311,241	352,221
Reserved for drug enforcement	345,740	203,897
Reserved for J. Causey Memorial	2,295	2,295
Reserved for admissions tax	178,240	620,999
Unreserved:		
Designated for contingencies	250,000	250,000
Designated for recovery emergency area	142,500	142,500
Undesignated	7,733,570	7,523,827
Total fund balance	<u>9,284,924</u>	<u>9,752,787</u>
Total liabilities and fund balance	<u>\$ 10,458,712</u>	<u>\$ 11,117,080</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010  
(With comparative actual amounts for June 30, 2009)

Revenue	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
Current property taxes	\$ 11,350,000	\$ 10,822,314	\$ (527,686)	\$ 10,903,564
Delinquent property taxes:				
Real and personal property	115,000	372,131	257,131	70,450
Penalties	90,000	132,654	42,654	96,892
	<u>205,000</u>	<u>504,785</u>	<u>299,785</u>	<u>167,342</u>
Licenses and permits:				
Business licenses	5,150,000	4,392,204	(757,796)	4,891,872
Business license penalties	55,000	41,857	(13,143)	39,665
Building permits	400,000	312,981	(87,019)	323,793
Inspection fees	3,500	2,805	(695)	4,190
Other permits	10,000	13,060	3,060	18,825
Tree bank	—	—	—	2,650
Franchise fee – electricity	1,170,000	1,282,968	112,968	1,176,506
Franchise fee – cable TV	435,000	435,201	201	519,916
Franchise fee – telephone	40,000	44,934	4,934	35,781
Franchise fee – gas	100,000	81,106	(18,894)	92,300
	<u>7,363,500</u>	<u>6,607,116</u>	<u>(756,384)</u>	<u>7,105,498</u>
Fines and forfeitures:				
Fines	900,000	731,508	(168,492)	875,392
Seizures	30,000	212,900	182,900	156,432
Improper parking	9,000	12,375	3,375	8,935
Victims assistance	60,000	59,673	(327)	68,591
Less, remittances to State Treasurer	(490,000)	(424,881)	65,119	(515,330)
	<u>509,000</u>	<u>591,575</u>	<u>82,575</u>	<u>594,020</u>
Use of money and property:				
Interest on investments	150,000	23,628	(126,372)	59,085
Property rental	150,000	161,053	11,053	124,160
Sale of surplus property	—	—	—	55,000
	<u>300,000</u>	<u>184,681</u>	<u>(115,319)</u>	<u>238,245</u>
Unrestricted intergovernmental:				
Local government	205,000	301,995	96,995	352,213
Homestead exemption tax	95,000	107,474	12,474	102,975
Business inventory tax	36,600	36,616	16	36,616
Accommodations tax	155,000	136,341	(18,659)	144,605
Admissions tax	205,000	163,077	(41,923)	184,778
Motor carrier tax	20,000	19,128	(872)	21,180
Alcoholic beverage permit fees	180,000	160,880	(19,120)	292,300
	<u>896,600</u>	<u>925,511</u>	<u>28,911</u>	<u>1,134,667</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Revenue (Continued)</b>				
Restricted intergovernmental:				
Federal FEMA grant	75,000	—	(75,000)	68,057
Federal Homeland security/DOJ grants	410,000	523,404	113,404	274,221
State PRT/misc. grants	—	8,890	8,890	39,064
Horry County recreation	—	41,000	41,000	41,000
	<u>485,000</u>	<u>573,294</u>	<u>88,294</u>	<u>422,342</u>
Sales and service charges:				
City codes and ordinances	10,000	9,299	(701)	9,270
Fire protection – contracts	110,000	107,184	(2,816)	104,364
Street work	10,000	3,636	(6,364)	2,955
Beach services franchise	60,000	60,000	—	60,000
Recreation fees	71,500	86,163	14,663	70,202
GIS Data	1,500	65	(1,435)	7
Miscellaneous	35,000	50,094	15,094	51,937
	<u>298,000</u>	<u>316,441</u>	<u>18,441</u>	<u>298,735</u>
Miscellaneous:				
Insurance reimbursements	25,000	11,448	(13,552)	45,078
Grants from private entities	—	21,248	21,248	28,474
Mayfest sponsorship	—	9,000	9,000	5,500
PS Scholarship Fund donation	—	15,660	15,660	666
Other	—	(30,000)	(30,000)	(61,500)
	<u>25,000</u>	<u>27,356</u>	<u>2,356</u>	<u>18,218</u>
<b>Total revenue</b>	<b>21,432,100</b>	<b>20,553,073</b>	<b>(879,027)</b>	<b>20,882,631</b>
<b>Expenditures</b>				
<b>General Government Administration</b>				
General Services:				
Personal services	141,400	220,706	(79,306)	154,913
Operating expenditures	1,307,700	1,268,045	39,655	1,394,837
Capital expenditure	411,000	414,488	(3,488)	—
Less, overhead allocation-utility	(710,059)	(728,614)	18,555	(759,377)
	<u>1,150,041</u>	<u>1,174,625</u>	<u>(24,584)</u>	<u>790,373</u>
Legislative:				
Personal services	197,783	178,983	18,800	160,952
Operating expenditures	17,200	51,833	(34,633)	243,670
Less, overhead allocation-utility	(118,240)	(126,949)	8,709	(112,542)
	<u>96,743</u>	<u>103,867</u>	<u>(7,124)</u>	<u>292,080</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>General Government Administration (Cont.)</b>				
Administrative:				
Personal services	248,624	246,918	1,706	236,770
Operating expenditures	89,850	20,702	69,148	20,552
Less, overhead allocation-utility	(186,161)	(147,191)	(38,970)	(141,527)
	<u>152,313</u>	<u>120,429</u>	<u>31,884</u>	<u>115,795</u>
City Court:				
Personal services	364,953	348,304	16,649	319,715
Operating expenditures	54,475	42,353	12,122	50,325
Capital expenditures	7,500	—	7,500	—
	<u>426,928</u>	<u>390,657</u>	<u>36,271</u>	<u>370,040</u>
Legal:				193,952
Personal services	199,100	195,224	3,876	193,952
Operating expenditures	113,650	183,929	(70,279)	149,604
Less, overhead allocation-utility	(172,013)	(208,534)	36,521	(188,956)
	<u>140,737</u>	<u>170,619</u>	<u>(29,882)</u>	<u>154,600</u>
Economic development:				
Personal services	—	—	—	—
Operating expenditures	—	—	—	—
Less, overhead allocation-utility	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Human resources				
Personal services	739,877	611,562	128,315	618,259
Operating expenditures	29,850	68,967	(39,117)	117,318
Capital expenditures	—	—	—	9,528
Less, overhead allocation-utility	(323,285)	(285,822)	(37,463)	(312,944)
	<u>446,442</u>	<u>394,707</u>	<u>51,735</u>	<u>432,161</u>
Total general government administration	2,413,204	2,354,904	58,300	2,155,049
Less, total capital outlay	(418,500)	(414,488)	(4,012)	(9,528)
<b>Net general government administration</b>	<u>1,994,704</u>	<u>1,940,416</u>	<u>54,288</u>	<u>2,145,521</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Finance</b>				
Accounting:				
Personal services	539,384	522,367	17,017	489,566
Operating expenditures	120,400	118,725	1,675	127,162
Capital expenditures	—	—	—	90,320
Less, overhead allocation-utility	(329,892)	(320,546)	(9,346)	(353,524)
	<u>329,892</u>	<u>320,546</u>	<u>9,346</u>	<u>353,524</u>
Revenue:				
Personal services	371,509	372,618	(1,109)	353,334
Operating expenditures	33,750	24,552	9,198	33,461
Capital expenditures	—	—	—	—
	<u>405,259</u>	<u>397,170</u>	<u>8,089</u>	<u>386,795</u>
Total finance	735,151	717,716	17,435	740,319
Less, total capital outlay	—	—	—	(90,320)
<b>Net finance</b>	<u>735,151</u>	<u>717,716</u>	<u>17,435</u>	<u>649,999</u>
<b>Information Services</b>				
Personal services	499,980	482,733	17,247	469,984
Operating services	136,150	151,600	(15,450)	162,736
Capital expenditures	35,000	110,628	(75,628)	61,184
Less, overhead allocation utility	(275,163)	(305,434)	30,271	(284,500)
	<u>395,967</u>	<u>439,527</u>	<u>(43,560)</u>	<u>409,404</u>
Total information services	395,967	439,527	(43,560)	409,404
Less, total capital outlay	(35,000)	(110,628)	(75,628)	(61,184)
<b>Net information services</b>	<u>360,967</u>	<u>328,899</u>	<u>32,068</u>	<u>348,220</u>
<b>Public Safety</b>				
Administrative:				
Personal services	297,202	229,531	67,671	311,819
Operating expenditures	22,400	56,673	(34,273)	31,386
Capital expenditures	—	—	—	—
	<u>319,602</u>	<u>286,204</u>	<u>33,398</u>	<u>343,205</u>
Uniform patrol:				
Personal services	3,999,521	3,792,433	207,088	3,724,541
Operating expenditures	484,472	390,276	94,196	413,859
Capital expenditures	—	98,011	(98,011)	273,277
	<u>4,483,993</u>	<u>4,280,720</u>	<u>203,273</u>	<u>4,411,677</u>
Community services:				
Personal services	538,647	551,720	(13,073)	505,053
Operating expenditures	186,270	169,009	17,261	196,115
Capital expenditures	—	18,625	(18,625)	61,085
	<u>724,917</u>	<u>739,354</u>	<u>(14,437)</u>	<u>762,253</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Public Safety (Cont.)</b>				
Detectives:				
Personal services	768,977	753,740	15,237	760,086
Operating expenditures	89,000	78,706	10,294	67,876
Capital expenditures	—	45,686	(45,686)	14,317
	<u>857,977</u>	<u>878,132</u>	<u>(20,155)</u>	<u>842,279</u>
Communications/Detention:				
Personal services	1,023,420	968,486	54,934	973,640
Operating expenditures	152,640	119,362	33,278	105,094
Capital expenditures	—	17,078	(17,078)	41,158
Less, overhead allocation-utility	(94,085)	(88,394)	(5,691)	(89,592)
	<u>1,081,975</u>	<u>1,016,532</u>	<u>65,443</u>	<u>1,030,300</u>
Records:				
Personal services	196,016	198,869	(2,853)	180,118
Operating expenditures	67,425	47,200	20,225	74,610
Capital expenditures	—	—	—	—
	<u>263,441</u>	<u>246,069</u>	<u>17,372</u>	<u>254,728</u>
Victim's Assistance:				
Personal services	66,662	66,214	448	59,422
Operating expenditures	13,350	5,574	7,776	5,859
	<u>80,012</u>	<u>71,788</u>	<u>8,224</u>	<u>65,281</u>
Police Training:				
Personal services	139,278	115,458	23,820	154,166
Operating expenditures	18,150	13,201	4,949	13,024
	<u>157,428</u>	<u>128,659</u>	<u>28,769</u>	<u>167,190</u>
Fire Suppression/Rescue:				
Personal services	2,890,625	2,871,716	18,909	2,690,284
Operating expenditures	232,625	248,970	(16,345)	259,638
Capital expenditures	82,000	57,783	24,217	52,972
	<u>3,205,250</u>	<u>3,178,469</u>	<u>26,781</u>	<u>3,002,894</u>
Fire Prevention/Inspection:				
Personal services	299,143	297,603	1,540	287,767
Operating expenditures	23,745	23,663	82	30,034
Capital expenditures	—	—	—	—
	<u>322,888</u>	<u>321,266</u>	<u>1,622</u>	<u>317,801</u>
Total Public Safety	11,497,483	11,147,193	350,290	11,197,608
Less, total capital outlay	(82,000)	(237,183)	155,183	(442,809)
<b>Net public safety</b>	<u>11,415,483</u>	<u>10,910,010</u>	<u>505,473</u>	<u>10,754,799</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Planning/Development</b>				
Planning/Zoning Administration:				
Personal services	792,737	739,971	52,766	737,211
Operating expenditures	66,750	46,305	20,445	52,257
	<u>859,487</u>	<u>786,276</u>	<u>73,211</u>	<u>789,468</u>
Building:				
Personal services	618,246	610,826	7,420	587,237
Operating expenditures	93,765	91,283	2,482	69,660
Less, overhead allocation-utility	(35,601)	(35,105)	(496)	(32,845)
	<u>676,410</u>	<u>667,004</u>	<u>9,406</u>	<u>624,052</u>
Total Planning/Development	1,535,897	1,453,280	82,617	1,413,520
Less, total capital outlay	—	—	—	—
<b>Net planning/development</b>	<u>1,535,897</u>	<u>1,453,280</u>	<u>82,617</u>	<u>1,413,520</u>
<b>Public Works</b>				
Streets/Drainage:				
Personal services	1,207,633	1,141,717	65,916	1,092,122
Operating expenditures	864,989	928,553	(63,564)	846,477
Capital expenditures	—	—	—	237,885
Less, overhead allocation-utility	(207,262)	(207,027)	(235)	(217,649)
	<u>1,865,360</u>	<u>1,863,243</u>	<u>2,117</u>	<u>1,958,835</u>
Total Public Works	1,865,360	1,863,243	2,117	1,958,835
Less, total capital outlay	—	—	—	(237,885)
<b>Net public works</b>	<u>1,865,360</u>	<u>1,863,243</u>	<u>2,117</u>	<u>1,720,950</u>
<b>Parks and Recreation</b>				
Recreation Administration:				
Personal services	198,885	228,921	(30,036)	345,453
Operating expenditures	54,320	75,452	(21,132)	478,704
Capital expenditures	—	26,193	(26,193)	87,400
	<u>253,205</u>	<u>330,566</u>	<u>(77,361)</u>	<u>911,557</u>
Athletics:				
Personal services	79,561	77,644	1,917	—
Operating expenditures	119,500	130,276	(10,776)	—
	<u>199,061</u>	<u>207,920</u>	<u>(8,859)</u>	<u>—</u>
Programs:				
Personal services	174,783	166,377	8,406	—
Operating expenditures	463,830	373,798	90,032	—
	<u>638,613</u>	<u>540,175</u>	<u>98,438</u>	<u>—</u>
Parks and Grounds:				
Personal services	737,839	733,433	4,406	692,193
Operating expenditures	383,400	384,958	(1,558)	384,567
Capital expenditures	245,000	119,339	125,661	567,481
	<u>1,366,239</u>	<u>1,237,730</u>	<u>128,509</u>	<u>1,644,241</u>
Total Parks and Recreation	2,457,118	2,316,391	140,727	2,555,798
Less, total capital outlay	(245,000)	(145,532)	(99,468)	(654,881)
<b>Net parks and recreation</b>	<u>2,212,118</u>	<u>2,170,859</u>	<u>41,259</u>	<u>1,900,917</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Support Services</b>				
Purchasing:				
Personal services	428,517	361,985	66,532	417,274
Operating expenditures	27,250	22,221	5,029	24,511
Capital expenditures	—	—	—	—
Less, overhead allocations- utility	(273,460)	(230,523)	(42,937)	(265,071)
	<u>182,307</u>	<u>153,683</u>	<u>28,624</u>	<u>176,714</u>
Fleet management:				
Personal services	401,007	386,153	14,854	379,502
Operating expenditures	45,047	40,381	4,666	40,245
Capital expenditures	—	—	—	—
Less, overhead allocation-utility	(178,422)	(170,614)	(7,808)	(167,899)
	<u>267,632</u>	<u>255,920</u>	<u>11,712</u>	<u>251,848</u>
Custodial Services:				
Personnel services	250,314	243,971	6,343	228,294
Operating expenses	117,400	165,388	(47,988)	158,746
Capital expenditures	—	—	—	44,065
Less, overhead allocation-utility	(151,988)	(151,463)	(525)	(159,509)
	<u>215,726</u>	<u>257,896</u>	<u>(42,170)</u>	<u>271,596</u>
Total Support Services	665,665	667,499	(1,834)	700,158
Less, total capital outlay	—	—	—	(44,065)
<b>Net support services</b>	<u>665,665</u>	<u>667,499</u>	<u>(1,834)</u>	<u>656,093</u>
<b>Total Departmental Expenditures (net)</b>	<u>20,767,345</u>	<u>20,051,922</u>	<u>715,423</u>	<u>19,590,019</u>
<b>Debt Service</b>				
Principal retirement	1,607,133	1,626,708	(19,575)	1,141,396
Interest and fiscal charges	290,503	219,382	71,121	139,446
Agent fees	20,000	33,381	(13,381)	288
<b>Total debt service</b>	<u>1,917,636</u>	<u>1,879,471</u>	<u>38,165</u>	<u>1,281,130</u>
<b>Capital Outlay</b>	<u>780,500</u>	<u>907,831</u>	<u>(127,331)</u>	<u>1,540,672</u>
<b>Total expenditures</b>	<u>23,483,481</u>	<u>22,839,224</u>	<u>644,257</u>	<u>22,411,821</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,051,381)</u>	<u>(2,286,151)</u>	<u>(234,770)</u>	<u>(1,529,190)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Other Financing Sources (Uses)</b>				
Transfers in:				
From Accommodations (2%) Tax Fund	758,321	679,042	(79,279)	881,414
From Local (1.5%) Accommodations Tax Fund	1,550,000	1,425,668	(124,332)	1,400,112
From Local (1%) Hospitality Fee Fund	2,025,000	1,838,756	(186,244)	1,859,975
From Capital Projects Fund	—	24,822	24,822	—
Total transfers in:	4,333,321	3,968,288	(365,033)	4,141,501
Transfers (out):				
To Capital Improvement Fund	(1,500,000)	(1,500,000)	—	(1,800,000)
To Street Improvement Fund	(650,000)	(650,000)	—	(750,000)
Total Transfers (out)	(2,150,000)	(2,150,000)	—	(2,550,000)
Total other financing sources (uses)	2,183,321	1,818,288	(365,033)	1,591,501
<b>Net change in fund balance</b>	<b>(131,940)</b>	<b>(467,863)</b>	<b>(335,923)</b>	<b>62,311</b>
Fund balance, beginning of year	9,752,787	9,752,787	—	9,690,476
Fund balance, end of year	<u>\$ 9,620,847</u>	<u>\$ 9,284,924</u>	<u>\$ (335,923)</u>	<u>\$ 9,752,787</u>

CITY OF NORTH MYRTLE BEACH

## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than sources for major capital projects) that are restricted by law or otherwise restricted for specified purposes.

<b>Accommodations (2%) Tax Fund:</b>	To account for the City's share of a 2% State accommodations tax levied on the rental of transient accommodations. Use of the revenue is restricted to the promotion of tourism and tourist related activities.
<b>Local Accommodations (1.5%) Tax Fund:</b>	To account for the City's share of a 1.5% local accommodations tax levied on the rental of transient accommodations. Use of the revenue is restricted for the beach, infrastructure and capital purchases.
<b>Hospitality (1%) Fees Fund:</b>	To account for the City's share of a 1% tax on amusements and prepared foods. Use of the revenue is restricted for the beach, infrastructure and capital purchases.
<b>Stormwater Fund:</b>	To account for revenues and expenditures associated with the City's Stormwater management program.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	Non-Major Funds			Totals	Major Fund Stormwater Fund
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee		
<b>Assets</b>					
Equity in pooled cash and cash equivalents	\$ —	\$ 99	\$ 53	\$ 152	\$ 3,185,397
Receivables	—	408,021	225,106	633,127	66,030
Due from other funds	—	—	—	—	1,454,224
Due from other governments	592,863	—	—	592,863	—
<b>Total assets</b>	<b>\$ 592,863</b>	<b>\$ 408,120</b>	<b>\$ 225,159</b>	<b>\$ 1,226,142</b>	<b>\$ 4,705,651</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 294,084	\$ 99	\$ 53	\$ 294,236	\$ 32,900
Due to other funds	292,747	408,021	225,106	925,874	—
<b>Total liabilities</b>	<b>586,831</b>	<b>408,120</b>	<b>225,159</b>	<b>1,220,110</b>	<b>32,900</b>
Fund balances:					
Unreserved/undesignated	6,032	—	—	6,032	4,672,751
<b>Total fund balances</b>	<b>6,032</b>	<b>—</b>	<b>—</b>	<b>6,032</b>	<b>4,672,751</b>
<b>Total liabilities and fund balances</b>	<b>\$ 592,863</b>	<b>\$ 408,120</b>	<b>\$ 225,159</b>	<b>\$ 1,226,142</b>	<b>\$ 4,705,651</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2010

	Non-Major Funds			Totals	Major Fund Stormwater Fund
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee		
<b>Revenue</b>					
Use of money and property	\$ 172	—	\$ —	\$ 172	\$ 22,246
Restricted intergovernmental	2,115,477	2,136,286	1,838,756	6,090,519	—
Sales and service charges	—	—	—	—	1,983,303
Miscellaneous	—	—	—	—	—
Total revenue	2,115,649	2,136,286	1,838,756	6,090,691	2,005,549
<b>Expenditures</b>					
Current:					
Public works	—	—	—	—	431,716
Parks and recreation	1,055,480	—	—	1,055,480	—
Total expenditures	1,055,480	—	—	1,055,480	431,716
Excess (deficiency) of revenue over (under) expenditures	1,060,169	2,136,286	1,838,756	5,035,211	1,573,833
<b>Other Financing Sources (Uses)</b>					
Transfers in	—	—	—	—	—
Transfers (out)	(1,029,880)	(2,136,286)	(1,838,756)	(5,004,922)	(1,140,000)
Total other financing sources (uses)	(1,029,880)	(2,136,286)	(1,838,756)	(5,004,922)	(1,140,000)
<b>Net change in fund balances</b>	<b>30,289</b>	<b>—</b>	<b>—</b>	<b>30,289</b>	<b>433,833</b>
Fund balances, beginning of year	(24,257)	—	—	(24,257)	4,238,918
Fund balances, end of year	\$ 6,032	\$ —	\$ —	\$ 6,032	\$ 4,672,751

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX FUND  
BALANCE SHEET

JUNE 30, 2010  
(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Due from other governments	\$ 592,863	\$ 604,255
Total assets	<u>\$ 592,863</u>	<u>\$ 604,255</u>
 <b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 294,084	\$ 239,297
Due to General Fund	292,747	389,215
Total liabilities	<u>586,831</u>	<u>628,512</u>
 Fund balance:		
Unreserved/undesignated (deficit)	<u>6,032</u>	<u>(24,257)</u>
Total liabilities and fund balance	<u>\$ 592,863</u>	<u>\$ 604,255</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX FUND  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010  
 (With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 2,000	\$ 172	\$ 1,828	\$ 2,780
Restricted intergovernmental:				
State A-tax revenue	2,322,750	2,115,477	207,273	2,272,498
Total revenue	<u>2,324,750</u>	<u>2,115,649</u>	<u>209,101</u>	<u>2,275,278</u>
<b>Expenditures</b>				
Parks and recreation:				
Water quality monitoring	24,382	15,009	9,3743	36,189
30% advertising allocation	733,500	668,045	65,455	717,630
North Myrtle Beach Chamber	382,639	342,653	39,986	284,788
North Myrtle Beach Rescue Squad	20,000	17,910	2,090	17,400
Services to other agencies	12,107	11,863	244	8,700
Total expenditures	<u>1,172,628</u>	<u>1,055,480</u>	<u>117,148</u>	<u>1,064,707</u>
Excess of revenue over expenditures	<u>1,152,122</u>	<u>1,060,169</u>	<u>91,953</u>	<u>1,210,571</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(758,321)	(773,427)	(15,106)	(1,043,094)
Street Improvement Fund	(105,406)	—	105,406	—
Beach Renourishment Fund	(15,473)	(13,856)	1,617	—
Solid Waste Fund	(265,300)	(237,564)	27,736	(198,402)
Aquatics Fund	(5,621)	(5,033)	588	(11,868)
Beach Services Fund	—	—	—	(132,010)
Total other financing sources (uses)	<u>(1,150,121)</u>	<u>(1,029,880)</u>	<u>120,241</u>	<u>(1,385,374)</u>
<b>Net change in fund balance</b>	<b>2,001</b>	<b>30,289</b>	<b>(28,288)</b>	<b>(174,803)</b>
Fund balance, beginning of year	<u>(24,257)</u>	<u>(24,257)</u>	<u>—</u>	<u>150,546</u>
Fund balance, end of year	<u>\$ (22,256)</u>	<u>\$ 6,032</u>	<u>\$ (28,288)</u>	<u>\$ (24,257)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX FUND  
BALANCE SHEET

JUNE 30, 2010

(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 99	\$ —
Receivables	408,021	363,425
Total assets	<u>\$ 408,120</u>	<u>\$ 363,425</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 99	\$ —
Due to other funds	408,021	363,425
Total liabilities	<u>408,120</u>	<u>363,425</u>
Fund balance:		
Unreserved/undesignated	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 408,120</u>	<u>\$ 363,425</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX FUND  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010  
 (With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Local A-tax revenue	\$ 2,300,000	\$ 2,131,853	\$ (168,147)	\$ 2,096,813
Penalties	—	4,433	4,433	2,336
Total revenue	<u>2,300,000</u>	<u>2,136,286</u>	<u>(163,714)</u>	<u>2,099,149</u>
Excess of revenue over expenditures	<u>2,300,000</u>	<u>2,136,286</u>	<u>(163,714)</u>	<u>2,099,049</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	(1,550,000)	(1,425,668)	124,332	(1,400,111)
Transfers (out) – Aquatic Fund	(750,000)	(710,618)	39,382	(698,938)
Total other financing sources (uses)	<u>(2,300,000)</u>	<u>(2,136,286)</u>	<u>163,714</u>	<u>(2,099,049)</u>
<b>Net change in fund balance</b>	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1.0%) FEES  
BALANCE SHEET

JUNE 30, 2010

(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 53	\$ —
Receivables	<u>225,106</u>	<u>210,583</u>
Total assets	<u>\$ 225,159</u>	<u>\$ 210,583</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 53	\$ —
Due to General Fund	<u>225,106</u>	<u>210,583</u>
Total liabilities	<u>225,159</u>	<u>210,583</u>
Fund balance:		
Unreserved/undesignated	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 225,159</u>	<u>\$ 210,583</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1.0%) FEES

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010

(With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Hospitality fees	\$2,025,000	\$ 1,833,721	\$ (191,279)	\$ 1,853,894
Penalties	—	5,035	5,035	6,081
Total revenue	<u>2,025,000</u>	<u>1,838,756</u>	<u>(186,244)</u>	<u>1,859,975</u>
Excess of revenue over expenditures	<u>2,025,000</u>	<u>1,838,756</u>	<u>(186,244)</u>	<u>1,859,975</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	<u>(2,025,000)</u>	<u>(1,838,756)</u>	<u>186,244</u>	<u>(1,859,975)</u>
Total other financing sources (uses)	<u>(2,025,000)</u>	<u>(1,838,756)</u>	<u>186,244</u>	<u>(1,859,975)</u>
<b>Net change in fund balance</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

STORMWATER FUND  
BALANCE SHEET

JUNE 30, 2010

(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 3,185,397	\$ 1,011,719
Receivable, net	66,030	64,244
Due from Beach Service Fund	1,454,224	3,215,275
Total assets	<u>\$ 4,705,651</u>	<u>\$ 4,291,238</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 32,900	\$ 52,320
Total liabilities	<u>32,900</u>	<u>52,320</u>
Fund balance:		
Unreserved/undesignated	4,672,751	4,238,918
Total liabilities and fund balance	<u>\$ 4,705,651</u>	<u>\$ 4,291,238</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

STORMWATER FUND

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010

(With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 25,000	\$ 22,246	\$ (2,754)	\$ 16,284
Restricted intergovernmental:				
Grants – SCDHEC	—	—	—	3,000,000
Sales and service charges:				
Storm water drainage fees	1,975,000	1,972,931	(2,069)	1,991,537
Penalties	10,000	10,372	372	—
Miscellaneous:				
Other	—	—	—	200,000
<b>Total revenue</b>	<u>2,010,000</u>	<u>2,005,549</u>	<u>(4,451)</u>	<u>5,207,821</u>
<b>Expenditures</b>				
Public works:				
Main Street drainage	—	171,566	(171,566)	—
18 <sup>th</sup> Street drainage	—	248,570	(248,570)	—
Drainage/Ocean out-fall	—	—	—	426,837
Hillside drainage basin	2,075,000	11,580	2,063,420	426,701
<b>Total expenditures</b>	<u>2,075,000</u>	<u>431,716</u>	<u>1,643,284</u>	<u>853,538</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(65,000)</u>	<u>1,573,833</u>	<u>1,638,833</u>	<u>4,354,283</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – Debt Service Fund	(1,140,000)	(1,140,000)	—	(1,140,000)
<b>Total other financing sources (uses)</b>	<u>(1,140,000)</u>	<u>(1,140,000)</u>	<u>—</u>	<u>(1,140,000)</u>
<b>Net change in fund balance</b>	<b>(1,205,000)</b>	<b>433,833</b>	<b>1,638,833</b>	<b>3,214,283</b>
Fund balance, beginning of year	<u>4,238,918</u>	<u>4,238,918</u>	<u>—</u>	<u>1,024,635</u>
Fund balance, end of year	<u>\$3,033,918</u>	<u>\$ 4,672,751</u>	<u>\$ 1,638,833</u>	<u>\$ 4,238,918</u>

CITY OF NORTH MYRTLE BEACH

## DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on certain general long-term debt of the City, other than debt service payments financed by proprietary fund types.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

STORMWATER BOND  
BALANCE SHEET

JUNE 30, 2010

(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Total assets	<u>\$ —</u>	<u>\$ —</u>
<b>Liabilities and Fund Balance</b>		
Fund Balance:		
Reserved for debt service	<u>\$ —</u>	<u>\$ —</u>
Total liabilities and fund balance	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

STORMWATER BOND

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010

(With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Total revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Expenditures</b>				
Debt Service:				
Principal	1,026,462	1,026,462	—	951,723
Interest	113,538	13,538	—	188,277
	<u>1,140,000</u>	<u>1,140,000</u>	<u>—</u>	<u>1,140,000</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,140,000)</u>	<u>(1,140,000)</u>	<u>—</u>	<u>(1,140,000)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in – Stormwater Special Revenue Fund	1,140,000	1,140,000	—	1,140,000
Total other financing sources (uses)	<u>1,140,000</u>	<u>1,140,000</u>	<u>—</u>	<u>1,140,000</u>
<b>Net change in fund balance</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH

## CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities that are not financed by proprietary funds or trust funds.

**Capital Improvement Fund:**

To account for financial resources to be used for general capital asset acquisitions and replacements, plus park improvements and parking.

**Street Improvement Fund:**

To account for financial resources to be used for paving unpaved streets in the City.

**Beach Renourishment Fund:**

To account for financial resources to be used for renourishing the beach.

**Park Development Fund:**

To account for financial resources to be used for parks land acquisition and development.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	<u>Capital Improvement</u>	<u>Street Improvement</u>	<u>Beach Renourishment</u>	<u>Park Development</u>	<u>Total</u>
<b>Assets</b>					
Equity in pooled cash and cash equivalents	\$ 1,043,842	\$ 477,704	\$ 26,546	\$ 1,434,312	\$ 2,982,404
Due from other governments	—	391,785	—	—	391,785
<b>Total assets</b>	<b>\$ 1,043,842</b>	<b>\$ 869,489</b>	<b>\$ 26,546</b>	<b>\$ 1,434,312</b>	<b>\$ 3,374,189</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 15,191	\$ 143,258	\$ 3,617	\$ —	\$ 162,066
<b>Total liabilities</b>	<b>15,191</b>	<b>143,258</b>	<b>3,617</b>	<b>—</b>	<b>162,066</b>
Fund balances:					
Reserved for:					
Shore Protection	—	—	22,929	—	22,929
Cherry Grove Drainage	980,009	—	—	—	980,009
Unreserved/undesignated	48,642	726,231	—	1,434,312	2,209,185
<b>Total fund balances</b>	<b>1,028,651</b>	<b>726,231</b>	<b>22,929</b>	<b>1,434,312</b>	<b>3,212,123</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,043,842</b>	<b>\$ 869,489</b>	<b>\$ 26,546</b>	<b>\$ 1,434,312</b>	<b>\$ 3,374,189</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2010

	<b>Capital Improvement</b>	<b>Street Improvement</b>	<b>Beach Renourishment</b>	<b>Park Development</b>	<b>Total</b>
<b>Revenue</b>					
Use of money and property	\$ 16,422	\$ 8,102	\$ 135	\$ 7,843	\$ 32,502
Restricted intergovernmental	—	1,806,030	—	—	1,806,030
Sales and service charges	120	—	—	—	120
Miscellaneous	—	2,865	—	125	2,990
<b>Total revenue</b>	<b>16,542</b>	<b>1,816,997</b>	<b>135</b>	<b>7,968</b>	<b>1,841,642</b>
<b>Expenditures</b>					
Current:					
General government administration	504,400	—	—	—	504,400
Public works	62,768	4,250,144	25,628	—	4,338,540
Parks and recreation	232,754	—	—	343,179	575,933
<b>Total expenditures</b>	<b>799,922</b>	<b>4,250,144</b>	<b>25,628</b>	<b>343,179</b>	<b>5,418,873</b>
Excess (deficiency) of revenue over (under) expenditures	(783,380)	(2,433,147)	(25,493)	(335,211)	(3,577,231)
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,500,000	744,386	13,856	—	2,258,242
Transfers (out)	(24,822)	—	—	—	(24,822)
<b>Total other financing sources (uses)</b>	<b>1,475,178</b>	<b>744,386</b>	<b>13,856</b>	<b>—</b>	<b>2,233,420</b>
<b>Net change in fund balances</b>	<b>691,798</b>	<b>(1,688,761)</b>	<b>(11,637)</b>	<b>(335,211)</b>	<b>(1,343,811)</b>
Fund balances, beginning of year	336,853	2,414,992	34,566	1,769,523	4,555,934
<b>Fund balances, end of year</b>	<b>\$ 1,028,651</b>	<b>\$ 726,231</b>	<b>\$ 22,929</b>	<b>\$ 1,434,312</b>	<b>\$ 3,212,123</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT FUND  
BALANCE SEET

JUNE 30, 2010  
(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 1,043,842	\$ 914,460
Total assets	<u>\$ 1,043,842</u>	<u>\$ 914,460</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 15,191	\$ 224,344
Retainage payable	—	353,263
Total liabilities	<u>15,191</u>	<u>577,607</u>
Fund balance:		
Reserved – Cherry Grove Drainage	980,009	—
Unreserved/undesignated	48,642	336,853
Total fund balance	<u>1,028,651</u>	<u>336,853</u>
Total liabilities and fund balance	<u>\$ 1,043,842</u>	<u>\$ 914,460</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010

(With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 2,000	\$ 1,545	\$ (455)	\$ 2,069
Surplus sales	55,000	14,877	(40,123)	78,343
Restricted intergovernmental:				
Grants	—	—	—	1,500,000
Sales and services:				
Development fees	10,000	120	(9,880)	120
Total revenue	<u>67,000</u>	<u>16,542</u>	<u>(50,458)</u>	<u>1,580,532</u>
<b>Expenditures</b>				
General government administration:				
Library site development	500,000	504,400	(4,400)	28,494
Parks and recreation:				
Recreation/Community Center	1,200,000	232,754	967,246	3,681,398
Public works:				
Cherry Gove dredging	—	62,768	(62,768)	21,223
Total expenditures	<u>1,700,000</u>	<u>799,922</u>	<u>900,078</u>	<u>3,731,115</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,633,000)</u>	<u>(783,380)</u>	<u>849,620</u>	<u>(2,150,583)</u>
<b>Transfers and Other Financing Sources (Uses)</b>				
Transfers in – General Fund	1,500,000	1,500,000	—	1,800,000
Transfer (out) – General Fund	—	(24,822)	(24,822)	—
Total other financing sources (uses)	<u>1,500,000</u>	<u>1,475,178</u>	<u>(24,822)</u>	<u>1,800,000</u>
<b>Net change in fund balance</b>	<b>(133,000)</b>	<b>691,798</b>	<b>824,798</b>	<b>(350,583)</b>
Fund balance, beginning of year	<u>336,853</u>	<u>336,853</u>	<u>—</u>	<u>687,436</u>
Fund balance, end of year	<u>\$ 203,853</u>	<u>\$ 1,028,651</u>	<u>\$ 824,798</u>	<u>\$ 336,853</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT FUND  
BALANCE SHEET

JUNE 30, 2010

(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 477,704	\$ 2,595,932
Due from other governments	391,785	—
Total assets	<u>\$ 869,489</u>	<u>\$ 2,595,932</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 143,258	\$ 90,940
Deferred revenue	—	90,000
Total liabilities	<u>143,258</u>	<u>180,940</u>
Fund balance:		
Unreserved/undesignated	<u>726,231</u>	<u>2,414,992</u>
Total liabilities and fund balance	<u>\$ 869,489</u>	<u>\$ 2,595,932</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT FUND

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010

(With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 15,000	\$ 8,102	\$ (6,898)	\$ 5,528
Restricted intergovernmental:				
Horry County Road Fee	270,465	358,169	87,704	316,201
SCDOT road grants	—	1,223,283	1,223,283	—
Santee Cooper grants	—	224,578	224,578	162,308
Miscellaneous	—	2,865	2,865	—
<b>Total revenue</b>	<b>285,465</b>	<b>1,816,997</b>	<b>1,531,532</b>	<b>484,037</b>
<b>Expenditures</b>				
Public works:				
6 <sup>th</sup> Ave intersection improvement	—	116,606	(116,606)	76,422
3 <sup>rd</sup> – 7 <sup>th</sup> Ave underground utilities	—	208,873	(208,873)	148,386
Roads – parkway	2,000,000	2,276,958	(276,958)	3,079,020
48 <sup>th</sup> Ave underground utilities	—	1,856	(1,856)	47,996
Resurfacing – roads	150,000	344,785	(194,785)	24,728
Beach access improvements	80,000	59,567	20,433	—
Sidewalks	350,000	—	350,000	—
Underground utilities	75,000	961,150	(886,150)	120,960
Verizon underground utilities	—	34,227	(34,227)	810,816
Intersection improvements	150,000	224,952	(74,952)	3,100
Operations and maintenance	200,000	21,170	178,830	—
Professional services	—	—	—	88,728
<b>Total expenditures</b>	<b>3,005,000</b>	<b>4,250,144</b>	<b>(1,245,144)</b>	<b>4,400,156</b>
Excess (deficiency) of revenue over (under) expenditures	(2,719,535)	(2,433,147)	286,388	3,916,119
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	650,000	650,000	—	750,000
Transfers in – Accommodation Tax	105,406	94,386	(11,020)	161,680
Bond proceeds	—	—	—	5,100,000
<b>Total other financing sources (uses)</b>	<b>755,406</b>	<b>744,386</b>	<b>(11,020)</b>	<b>6,011,680</b>
<b>Net change in fund balance</b>	<b>(1,964,129)</b>	<b>(1,688,761)</b>	<b>275,368</b>	<b>2,095,561</b>
Fund balance, beginning of year	2,414,992	2,414,992	—	319,431
Fund balance, end of year	\$ 450,863	\$ 726,231	\$ 275,368	\$ 2,414,992

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT FUND  
BALANCE SHEET

JUNE 30, 2010  
(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 26,546	\$ 37,716
Total assets	<u>\$ 26,546</u>	<u>\$ 37,716</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 3,617	\$ 3,150
Total liabilities	<u>3,617</u>	<u>3,150</u>
Fund Balance:		
Reserved for Shore Protection Project	<u>22,929</u>	<u>34,566</u>
Total liabilities and fund balance	<u>\$ 26,546</u>	<u>\$ 37,716</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT FUND

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010

(With comparative actual amounts for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 4,000	\$ 135	\$ (3,865)	\$ 441
Restricted intergovernmental:				
Army Corp Grant	500,000	—	(500,000)	—
Total revenue	<u>504,000</u>	<u>135</u>	<u>(503,865)</u>	<u>441</u>
<b>Expenditures</b>				
Public works:				
Materials and supplies	50,000	8,065	41,935	17,271
Professional services	—	17,563	(17,563)	23,658
Total expenditures	<u>50,000</u>	<u>25,628</u>	<u>24,372</u>	<u>40,929</u>
Excess (deficiency) of revenue over (under) expenditures	<u>454,000</u>	<u>(25,493)</u>	<u>(479,493)</u>	<u>(40,488)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in – Accommodations				
Tax	15,473	13,856	(1,617)	—
Total other financing sources	<u>15,473</u>	<u>13,856</u>	<u>(1,617)</u>	<u>—</u>
<b>Net change in fund balance</b>	<b>469,473</b>	<b>(11,637)</b>	<b>(481,110)</b>	<b>(40,488)</b>
Fund balance, beginning of year	<u>34,566</u>	<u>34,566</u>	<u>—</u>	<u>75,054</u>
Fund balance, end of year	<u>\$ 504,039</u>	<u>\$ 22,929</u>	<u>\$ (481,110)</u>	<u>\$ 34,566</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT FUND  
BALANCE SHEET

JUNE 30, 2010  
(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 1,434,312	\$ 1,769,523
Total assets	<u>\$ 1,434,312</u>	<u>\$ 1,769,523</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Due to General Fund	\$ —	\$ —
Total liabilities	<u>—</u>	<u>—</u>
Fund Balance:		
Unreserved/undesignated	<u>1,434,312</u>	<u>1,769,523</u>
Total liabilities and fund balance	<u>\$ 1,434,312</u>	<u>\$ 1,769,523</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT FUND

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010

(With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 7,843	\$ 7,843	\$ 6,488
Miscellaneous:				
Sales and service charges	—	125	125	—
Contributions	1,135,000	—	(1,135,000)	1,125,000
Total revenue	<u>1,135,000</u>	<u>7,968</u>	<u>(1,127,032)</u>	<u>1,131,488</u>
<b>Expenditures</b>				
Parks and recreation:				
Land acquisition	<u>340,000</u>	<u>343,179</u>	<u>(3,179)</u>	<u>—</u>
Total expenditures	<u>340,000</u>	<u>343,179</u>	<u>(3,179)</u>	<u>—</u>
Excess (deficiency) of revenue over (under) expenditures	<u>795,000</u>	<u>(335,211)</u>	<u>(1,130,211)</u>	<u>1,131,488</u>
<b>Net change in fund balance</b>	<b>795,000</b>	<b>(335,211)</b>	<b>(1,130,211)</b>	<b>1,131,488</b>
Fund balance, beginning of year	<u>1,769,523</u>	<u>1,769,523</u>	<u>—</u>	<u>638,035</u>
Fund balance, end of year	<u>\$ 2,564,523</u>	<u>\$ 1,434,312</u>	<u>\$ (1,130,211)</u>	<u>\$ 1,769,523</u>

CITY OF NORTH MYRTLE BEACH

## ENTERPRISE FUNDS

Enterprise Funds are to be used to account for operations that are financed and operated in a manner similar to private sector businesses where the intent of the governing body is that the costs (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges.

**Water and Sewer Utility:**

To account for all financial resources associated with supplying water and providing sewage services to domestic, business, and industrial customers within the North Myrtle Beach area.

**Solid Waste:**

To account for all revenues and expenses related to the City's solid waste activities.

**Aquatic Center:**

To account for all revenues and expenses related to the operating of the City's aquatic center.

**Beach Service:**

To account for all revenues and expenses related to the operating of the City's beach service activities.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
BALANCE SHEET

JUNE 30, 2010

(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
<b>Assets</b>			<b>Liabilities and Net Assets</b>		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 4,918,724	\$ 3,010,840	Accounts payable-trade	\$ 420,267	\$ 884,004
Equity in pooled cash and cash equivalents	3,145,324	3,110,121	Accrued payroll and related taxes	81,683	72,593
Accounts receivable, net	1,604,269	1,477,320	Accrued compensated absences	192,730	174,788
Deposits held by others	5,041	—	Insurance claims payable	—	20,489
Inventories	356,220	318,087	Contracts payable-current portion	810,000	775,000
Due from other governments	323,634	640,125	Retainage payable	—	111,643
	<u>10,353,212</u>	<u>8,556,493</u>		<u>1,504,680</u>	<u>2,038,517</u>
Restricted assets:					
Cash and cash equivalents:			Current liabilities payable from restricted assets:		
Bond and interest redemption and cushion funds	288	288	Meter deposits and other	1,886,105	1,868,775
Customer meter deposits	1,886,105	1,862,370	Deferred tap and impact fees	136,633	597,980
Impact fees	5,764,743	7,623,071	Total current liabilities payable from restricted assets	<u>2,022,738</u>	<u>2,466,755</u>
Equity in pooled cash and cash equivalents:			Total current liabilities	<u>3,527,418</u>	<u>4,505,272</u>
Impact fees	1,154,555	3,674,835			
Deposits with the GSWSA	280,000	280,000	Long-term liabilities:		
Total restricted assets	<u>9,085,691</u>	<u>13,440,564</u>	Other post-employment benefits (OPEB)	349,899	174,950
Total current assets	<u>19,438,903</u>	<u>21,997,057</u>	Contracts payable	9,110,000	9,920,000
Capital assets:			Total long-term liabilities	<u>9,459,899</u>	<u>10,094,950</u>
Land	484,405	232,014	Total liabilities	<u>12,987,317</u>	<u>14,600,222</u>
Buildings	668,218	668,218			
Water and sewer systems	94,305,026	88,962,764	Net Assets:		
Automotive equipment	1,034,481	946,635	Invested in capital assets, net of related debt	69,697,493	68,809,612
Maintenance equipment	2,209,106	2,209,106	Restricted debt service, capacity and deposits	7,199,586	11,571,789
Office equipment	1,640,147	1,598,448	Unrestricted	14,016,399	11,580,269
Construction in progress	2,171,698	5,039,715	Total net assets	<u>90,913,478</u>	<u>91,961,670</u>
	<u>102,513,081</u>	<u>99,656,900</u>			
Less, accumulated depreciation	<u>(32,815,598)</u>	<u>(30,735,645)</u>	Total liabilities and net assets	<u>\$ 103,900,795</u>	<u>\$ 106,561,892</u>
Net capital assets	<u>69,697,483</u>	<u>68,921,255</u>			
Deferred charges:					
Cost of purchased water/sewer rights	28,563,880	28,563,880			
Less, accumulated amortizations	<u>(13,799,471)</u>	<u>(12,920,300)</u>			
Net deferred charges	<u>14,764,409</u>	<u>15,643,580</u>			
Total assets	<u>\$103,900,795</u>	<u>\$ 106,561,892</u>			

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010  
(With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Water usage fees	\$ 6,700,000	\$ 6,324,892	\$ (375,108)	\$ 6,187,199
Sewer usage fees	4,350,000	4,217,178	(132,822)	4,173,898
Water taps	50,000	52,700	2,700	40,308
Sewer taps	20,000	20,854	854	14,652
Late payment penalties and service charges	140,000	135,521	(4,479)	118,533
Construction for public use	80,000	24,705	(55,295)	48,082
Miscellaneous	—	14,848	14,848	2,317
<b>Total operating revenue</b>	<b>11,340,000</b>	<b>10,790,698</b>	<b>(549,302)</b>	<b>10,584,989</b>
<b>Operating Expenses</b>				
<b>General Government Administration</b>				
Overhead allocation-				
General services	507,185	520,439	(13,254)	542,413
Legislative	85,993	92,326	(6,333)	81,849
Administrative	135,390	107,048	28,342	102,929
Legal	125,100	151,661	(26,561)	137,422
Personnel	153,945	136,106	17,839	149,021
Total general government administration	1,007,613	1,007,580	33	1,013,634
<b>Finance</b>				
Overhead allocation-				
Accounting	197,936	192,328	5,608	212,114
Utility billing:				
Personal services	425,013	451,071	(26,058)	424,289
Operating expenses	130,000	127,833	2,167	120,966
Less overhead allocation	(55,501)	(55,146)	(355)	(51,846)
Total	499,512	523,758	(24,246)	493,409
Total finance	697,448	716,086	(18,638)	705,523
<b>Information Services</b>				
Overhead allocation	201,338	223,488	22,150	208,171
<b>Public Safety</b>				
Overhead allocation-				
Communications	58,803	55,246	3,557	55,995

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -  
BUDGET AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Planning/Development</b>				
Overhead allocation- Code enforcement	35,601	35,105	495	32,845
<b>Public Works</b>				
Administrative:				
Personal services	753,486	773,717	(20,231)	756,642
Operating expenses	105,100	53,159	51,941	64,706
Overhead allocation	(128,788)	(119,400)	(9,388)	(118,692)
	729,798	707,476	22,322	702,656
Wastewater treatment:				
Personal services	434,098	432,552	1,546	423,323
Operating expenses	947,100	876,949	70,151	1,020,883
	1,381,198	1,309,501	71,697	1,444,206
Wells/lifts maintenance:				
Personal services	580,225	615,696	(35,471)	586,926
Operating expenses	804,600	850,730	(46,130)	809,456
	1,384,825	1,466,426	(81,601)	1,396,382
Construction/maintenance:				
Personal services	1,104,381	1,183,969	(79,588)	1,146,976
Operating expenses	1,673,100	2,425,041	(751,941)	2,220,074
	2,777,481	3,609,010	(831,529)	3,367,050
Streets/drainage:				
Overhead allocation	207,262	207,027	235	217,648
Total public works	6,480,564	7,299,440	818,876	7,127,942
<b>Support Services</b>				
Overhead allocation- Purchasing	232,440	195,945	36,495	225,311
Fleet management	71,369	68,245	3,124	67,159
Custodial	122,570	135,089	(12,519)	142,265
Total support services	426,379	399,279	27,100	434,735
Depreciation and amortization expense	3,759,382	2,959,125	800,257	3,716,180
<b>Total operating expenses</b>	<b>12,667,128</b>	<b>12,695,349</b>	<b>(28,221)</b>	<b>13,295,025</b>
Operating income (loss)	(1,327,128)	(1,904,651)	(577,523)	(2,710,036)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -  
 BUDGET AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	300,000	144,358	(155,642)	264,150
Interest expense	(569,075)	(568,787)	288	(612,023)
Bond agent fees	(5,000)	—	5,000	(1,672)
Amortization of bond issuance costs	—	—	—	(4,342)
Restricted intergovernmental:				
State grant/C-Funds	—	53,000	53,000	3,395
Tower rental and other	185,000	196,295	11,295	192,552
Total non-operating revenue (expenses)	<u>(89,075)</u>	<u>(175,134)</u>	<u>(86,059)</u>	<u>(157,940)</u>
<b>Capital Contributions</b>				
Impact fees	1,050,000	1,027,391	(22,609)	1,102,545
Developer contributions	—	4,202	4,202	1,961,669
Total capital contributions	<u>1,050,000</u>	<u>1,031,593</u>	<u>(18,407)</u>	<u>3,064,214</u>
<b>Change in net assets</b>	<b>(366,203)</b>	<b>(1,048,192)</b>	<b>(681,989)</b>	<b>196,238</b>
Net assets, beginning of year	<u>91,961,670</u>	<u>91,961,670</u>	<u>—</u>	<u>91,765,432</u>
Net assets, end of year	<u>\$ 91,595,467</u>	<u>\$ 90,913,478</u>	<u>\$ (681,989)</u>	<u>\$ 91,961,670</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE  
BALANCE SHEET

JUNE 30, 2010

(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current assets:		
Deposits held by others	\$ 2,669	\$ —
Accounts receivable, net	130,977	139,872
Total current assets	<u>133,646</u>	<u>139,872</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	32,262	32,262
Vehicles and equipment	5,348,786	4,702,611
	<u>5,694,248</u>	<u>5,048,073</u>
Less, accumulated depreciation	(3,903,103)	(3,525,222)
Net capital assets	<u>1,791,145</u>	<u>1,522,851</u>
Total assets	<u>\$ 1,924,791</u>	<u>\$ 1,662,723</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 60,807	\$ 55,816
Accrued payroll and related taxes	43,630	39,888
Accrued compensated absences	113,522	99,308
Insurance claims payable	—	26,405
Due to General Fund	793,207	1,009,458
Total current liabilities	<u>1,011,166</u>	<u>1,230,875</u>
Long-term liabilities:		
Other post employment benefits (OPEB)	185,241	92,620
Total liabilities	<u>1,196,407</u>	<u>1,323,495</u>
Net assets:		
Investment in capital assets	1,791,145	1,522,851
Unrestricted (deficit)	(1,062,761)	(1,183,623)
Total net assets	<u>728,384</u>	<u>339,228</u>
Total liabilities and net assets	<u>\$ 1,924,791</u>	<u>\$ 1,662,723</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010  
(With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Solid waste user fees and penalties	\$ 3,695,000	\$ 3,721,010	\$ 26,010	\$ 3,775,634
Trash bags	12,000	10,944	(1,056)	11,909
Miscellaneous	—	—	—	157
<b>Total operating revenue</b>	<b>3,707,000</b>	<b>3,731,954</b>	<b>24,954</b>	<b>3,787,700</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation -				
General services	86,946	89,218	(2,272)	92,985
Legislative	12,899	13,849	(950)	12,277
Administration	20,308	16,057	4,251	15,439
Legal	18,765	22,749	(3,984)	20,613
Personnel	61,578	54,442	7,136	59,609
<b>Total general government administration</b>	<b>200,496</b>	<b>196,315</b>	<b>4,181</b>	<b>200,923</b>
<b>Finance</b>				
Overhead allocation -				
Accounting	39,587	38,466	1,121	42,423
Utility billings	55,501	55,146	355	51,846
<b>Total finance</b>	<b>95,088</b>	<b>93,612</b>	<b>1,476</b>	<b>94,269</b>
<b>Information Services</b>				
Overhead allocation	40,268	44,698	(4,430)	41,634
<b>Public works</b>				
Overhead allocation	128,788	119,400	9,388	118,692
Commercial collection:				
Personal services	262,916	268,660	(5,744)	263,799
Operating	132,300	130,677	1,623	119,844
	395,216	399,337	(4,121)	383,643
Transfer station:				
Personal services	175,571	187,333	(11,762)	176,344
Operating	552,000	487,574	64,426	505,358
	727,571	674,907	52,664	681,702
Residential collection:				
Personal services	681,143	640,003	41,140	642,566
Operating	156,500	201,943	(45,443)	177,654
	837,643	841,946	(4,303)	820,220

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -  
BUDGET AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public works (Continued)</b>				
Trash/litter collections:				
Personal services	189,112	188,800	312	195,556
Operating	45,500	47,217	(1,717)	55,470
	<u>234,612</u>	<u>236,017</u>	<u>(1,405)</u>	<u>251,026</u>
Beach cleaning:				
Personal services	148,567	149,541	(974)	149,866
Operating	50,500	56,695	(6,195)	47,319
	<u>199,067</u>	<u>206,236</u>	<u>(7,169)</u>	<u>197,185</u>
Recycling:				
Personal services	212,943	217,315	(4,372)	218,409
Operating	62,500	55,650	6,850	36,586
	<u>275,443</u>	<u>272,965</u>	<u>2,478</u>	<u>254,995</u>
Total public works	<u>2,798,340</u>	<u>2,750,808</u>	<u>47,532</u>	<u>2,707,463</u>
<b>Support services</b>				
Overhead allocations -				
Purchasing	18,231	15,368	2,863	17,673
Fleet management	89,211	85,307	3,904	83,949
Custodial	14,709	16,374	(1,665)	17,244
Total support services	<u>122,151</u>	<u>117,049</u>	<u>5,102</u>	<u>118,866</u>
Depreciation and amortization	<u>350,000</u>	<u>377,880</u>	<u>(27,880)</u>	<u>391,155</u>
<b>Total operating expenses</b>	<b><u>3,606,343</u></b>	<b><u>3,580,362</u></b>	<b><u>25,981</u></b>	<b><u>3,554,310</u></b>
Operating income (loss)	<u>100,657</u>	<u>151,592</u>	<u>50,935</u>	<u>233,390</u>
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	—	—	—	1,540
Restricted governmental:				
Grant- SCDHEC	25,000	—	(25,000)	—
Total non-operating revenue (expenses)	<u>25,000</u>	<u>—</u>	<u>(25,000)</u>	<u>1,540</u>
<b>Transfers</b>				
Transfer in-Accommodations (2%) Tax Fund	<u>265,300</u>	<u>237,564</u>	<u>(27,736)</u>	<u>198,402</u>
<b>Change in net assets</b>	<b>390,957</b>	<b>389,156</b>	<b>(1,801)</b>	<b>433,332</b>
Net assets, beginning of year	339,228	339,228	—	(94,104)
Net assets, end of year	<u>\$ 730,185</u>	<u>\$ 728,384</u>	<u>\$ (1,801)</u>	<u>\$ 339,228</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER  
BALANCE SHEET

JUNE 30, 2010

(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 400
Deposits held by others	1,087	—
Accounts receivable	19,852	31,553
Due from Local Accommodations (1.5%) Tax Fund	135,863	120,805
Inventory	795	—
Total current assets	<u>157,997</u>	<u>152,758</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	1,439	1,439
Furniture and equipment	721,544	648,032
	<u>10,423,861</u>	<u>10,350,349</u>
Less, accumulated depreciation	(1,654,427)	(1,313,362)
Net capital assets	<u>8,769,434</u>	<u>9,036,987</u>
Deferred charges:		
Debt issuance costs	68,721	68,721
Less, accumulated amortization	(22,334)	(18,898)
Total deferred charges	<u>46,387</u>	<u>49,823</u>
Total assets	<u>\$ 8,973,818</u>	<u>\$ 9,239,568</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 36,417	\$ 29,086
Accrued payroll and related taxes	24,344	21,300
Accrued compensated absences	20,551	27,338
Insurance claims payable	—	4,244
Due to General Fund	219,990	320,772
Accrued interest payable	172,331	181,319
Current portion of note obligation	363,744	349,418
Deferred revenue	246,039	247,297
Total current liabilities	<u>1,083,416</u>	<u>1,180,774</u>
Long-term liabilities:		
Note obligation	6,335,653	6,699,397
Other post employment benefits (OPEB)	75,469	37,734
Total liabilities	<u>7,494,538</u>	<u>7,917,905</u>
Net assets:		
Invested in capital assets, net of related debt	2,070,037	1,988,172
Unrestricted (deficit)	(590,757)	(666,509)
Total net assets	<u>1,479,280</u>	<u>1,321,663</u>
Total liabilities and net assets	<u>\$ 8,973,818</u>	<u>\$ 9,239,568</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010  
(With comparative actual amounts for June 30, 2009)

	2010		Variance	2009
	Budget	Actual	Positive (Neg.)	Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Membership fees	\$ 1,367,000	\$ 1,147,112	\$ (219,888)	\$ 1,114,143
Day membership fees	32,390	51,925	19,535	40,065
Employee membership fees	—	125,797	125,797	121,346
Enrollment fees	53,000	46,617	(6,383)	52,794
Program fees	141,048	206,533	65,485	161,393
Merchandise sales	7,500	3,860	(3,640)	5,642
Food sales	15,000	35,169	20,169	23,512
Miscellaneous	—	1,838	1,838	1,514
<b>Total operating revenue</b>	<b>1,615,938</b>	<b>1,618,851</b>	<b>2,913</b>	<b>1,520,409</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation -				
General services	57,963	59,479	(1,516)	61,990
Legislative	8,599	9,233	(634)	8,185
Administration	13,539	10,705	2,834	10,293
Legal	12,510	15,166	(2,656)	13,742
Personnel	30,789	27,221	3,568	29,804
<b>Total general government administration</b>	<b>123,400</b>	<b>121,804</b>	<b>1,596</b>	<b>124,014</b>
<b>Finance</b>				
Overhead allocation	26,391	25,644	747	28,282
<b>Information Services</b>				
Overhead allocation	13,423	14,899	(1,476)	13,878
<b>Parks and Recreation</b>				
Personnel services	1,001,066	945,364	55,702	968,831
Operations and maintenance	443,725	501,013	(57,288)	424,523
<b>Total parks and recreation</b>	<b>1,444,791</b>	<b>1,446,377</b>	<b>(1,586)</b>	<b>1,393,354</b>
<b>Support Services</b>				
Overhead allocations -				
Purchasing	18,231	15,368	2,863	17,671
Custodial	14,709	—	14,709	—
<b>Total support services</b>	<b>32,940</b>	<b>15,368</b>	<b>17,572</b>	<b>17,671</b>
Depreciation and amortization	368,582	341,065	27,517	381,120
<b>Total operating expenses</b>	<b>2,009,527</b>	<b>1,965,157</b>	<b>44,370</b>	<b>1,958,319</b>
Operating income (loss)	(393,589)	(346,306)	47,283	(437,910)

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -  
BUDGET AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	—	85	85	—
Donations / fundraisers	—	—	—	34,590
Non-operating program fees and other	22,688	2,584	(20,104)	13,896
Rental property	14,194	—	(14,194)	—
Amortization of debt issuance costs	(3,436)	(3,436)	—	(3,436)
Restricted intergovernmental:				
DSS grants	—	69,052	69,052	68,615
South Carolina – DDC grant	—	—	—	4,936
Interest expense	(302,763)	(280,013)	22,750	(294,129)
Total non-operating revenue (expenses)	<u>(269,317)</u>	<u>(211,728)</u>	<u>57,589</u>	<u>(175,528)</u>
<b>Transfers</b>				
Transfers in:				
Accommodations (2%) tax	5,621	5,033	(588)	11,868
Local Accommodations (1.5%) tax	750,000	710,618	(39,382)	698,938
Total transfers	<u>755,621</u>	<u>715,651</u>	<u>(39,970)</u>	<u>710,806</u>
<b>Change in net assets</b>	<b>112,715</b>	<b>157,617</b>	<b>44,902</b>	<b>97,368</b>
Net assets, beginning of year	<u>1,321,663</u>	<u>1,321,663</u>	<u>—</u>	<u>1,224,295</u>
Net assets, end of year	<u>\$ 1,434,378</u>	<u>\$ 1,479,280</u>	<u>\$ 44,902</u>	<u>\$ 1,321,663</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE  
BALANCE SHEET

JUNE 30, 2010

(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,500	\$ 8,549
Receivables	10,908	16,047
Inventories	1,655	11,423
Total current assets	<u>20,063</u>	<u>36,019</u>
Capital assets:		
Buildings	413,148	413,148
Furniture and equipment	1,399,504	1,385,000
	<u>1,812,652</u>	<u>1,798,148</u>
Less, accumulated depreciation	(907,328)	(647,919)
Net capital assets	<u>905,324</u>	<u>1,150,229</u>
Total assets	<u>\$ 925,387</u>	<u>\$ 1,186,248</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 29,583	\$ 73,664
Accrued payroll and related taxes	130,138	114,942
Accrued compensated absences	—	6,820
Insurance claims payable	—	772
Due to General Fund	1,963,232	3,215,275
Due to Stormwater Fund	1,454,224	—
Total current liabilities	<u>3,577,177</u>	<u>3,411,473</u>
Long-term liabilities:		
Other post employment benefits (OPEB)	—	6,861
Total liabilities	<u>3,577,177</u>	<u>3,418,334</u>
Net assets:		
Invested in capital assets, net of related debt	905,324	1,150,229
Unrestricted (deficit)	(3,557,114)	(3,382,315)
Total net assets	<u>(2,651,790)</u>	<u>(2,232,086)</u>
Total liabilities and net assets	<u>\$ 925,387</u>	<u>\$ 1,186,248</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010  
(With comparative actual amounts for June 30, 2009)

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Beach service rentals	\$ 1,175,000	\$ 1,076,375	\$ (98,625)	\$ 1,034,884
Water slide	300,000	134,831	(165,169)	43,748
Food and beverage sales	678,000	378,541	(299,459)	441,939
Sundry items sales	500	304	(196)	2,732
Less, sales tax/hospitality fees	(141,500)	(120,521)	20,979	(110,981)
Miscellaneous	—	412	412	457
<b>Total operating revenue</b>	<b>2,012,000</b>	<b>1,469,942</b>	<b>(542,058)</b>	<b>1,412,779</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation -				
General services	57,964	59,479	(1,515)	61,990
Legislative	10,749	11,541	(792)	10,231
Administration	16,924	13,381	3,543	12,866
Legal	15,638	18,958	(3,320)	17,178
Personnel	76,972	68,053	8,919	74,511
<b>Total general government administration</b>	<b>178,247</b>	<b>171,412</b>	<b>6,835</b>	<b>176,776</b>
<b>Finance</b>				
Overhead allocation	65,978	64,109	1,869	70,705
<b>Information Services</b>				
Overhead allocation	20,134	22,349	(2,215)	20,816
<b>Public safety</b>				
Overhead allocation	35,282	33,147	2,135	33,597
Lifeguard services:				
Personnel services	473,820	493,216	(19,396)	509,151
Operations and maintenance	41,660	31,257	1,040	102,612
<b>Total public safety</b>	<b>550,762</b>	<b>557,620</b>	<b>(6,858)</b>	<b>645,360</b>
<b>Parks and recreation</b>				
Concessions:				
Personnel services	612,312	529,742	82,570	693,407
Operations and maintenance	186,200	264,102	(77,902)	238,643
<b>Total parks and recreation</b>	<b>798,512</b>	<b>793,844</b>	<b>4,668</b>	<b>932,050</b>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -  
BUDGET AND ACTUAL

— CONTINUED —

	2010		Variance Positive (Neg.)	2009
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Overhead allocations -				
Purchasing	4,558	3,842	716	4,418
Fleet	17,842	17,061	781	16,790
Total support services	22,400	20,903	1,497	21,208
Depreciation and amortization	270,000	259,409	10,591	258,684
<b>Total operating expenses</b>	<b>1,906,033</b>	<b>1,889,646</b>	<b>16,387</b>	<b>2,125,599</b>
Operating income (loss)	105,967	(419,704)	(525,671)	(712,820)
<b>Non-operating Revenue (Expenses)</b>				
Donation / fundraisers	13,000	—	(13,000)	—
Total non-operating revenue (expenses)	13,000	—	(13,000)	—
<b>Transfers</b>				
Transfers in (out):				
Accommodations (2%)Tax Fund	—	—	—	132,010
Total transfers	—	—	—	132,010
<b>Change in net assets</b>	<b>118,967</b>	<b>(419,704)</b>	<b>(538,671)</b>	<b>(580,810)</b>
Net assets, beginning of year	(2,232,086)	(2,232,086)	—	(1,651,276)
Net assets, end of year	<u>\$ (2,351,053)</u>	<u>\$ (2,651,790)</u>	<u>\$ (538,671)</u>	<u>\$ (2,232,086)</u>

## FIDUCIARY FUNDS

Fiduciary Funds are trust and agency funds used to account for assets received and held by the City acting in the capacity of an agent or custodian. The City maintains the following trust and agency funds:

### **Pension Trust Funds**

Money Purchase Pension Plan #1: To account for assets received and disbursed by the City as trustee in conjunction with the City of North Myrtle Beach 401(a) Plan for general employees and firefighters.

Money Purchase Pension Plan #2: To account for assets received and disbursed by the City as trustee in conjunction with the City of North Myrtle Beach 401(a) Plan for certain administrative employees.

### **Agency Fund**

Firemen's Fund: To account for the accumulation of resources derived primarily from 1% of the premiums of foreign insurance companies, received from the state under Section 38-57-10 through 38-57-210 of the Code of Laws of South Carolina and to be expended for the sole benefit of the City's firemen.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PENSION TRUST FUNDS - MONEY PURCHASE PENSION PLAN #1  
STATEMENT OF PLAN ASSETS

JUNE 30, 2010  
(With comparative amounts for June 30, 2009)

	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash and temporary investments	\$ 11,531,224	\$ 10,260,333
Participant loans	659,438	659,729
Total assets	<b>\$ 12,190,662</b>	<b>\$ 10,920,062</b>
<b>Net Assets</b>		
Held in trust for employee's pension benefits	<b>\$ 12,190,662</b>	<b>\$ 10,920,062</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PENSION TRUST FUNDS - MONEY PURCHASE PENSION PLAN #1  
STATEMENT OF CHANGES IN PLAN NET ASSETS

YEAR ENDED JUNE 30, 2010  
(With comparative amounts for June 30, 2009)

	2010	2009
<b>Additions</b>		
Employer contributions	\$ 779,195	\$ 766,660
Employee (member) contributions	195,132	189,520
Investment income gain/(loss)	919,777	(1,438,025)
Total additions	1,894,104	(481,845)
<b>Deductions</b>		
Benefit payments	527,781	743,350
Loan issue costs	60,990	—
Trustee fees	8,609	—
Forfeitures	26,124	—
Total deductions	623,504	743,350
Change in net assets	1,270,600	(1,225,195)
<b>Net assets held in trust for employee's pension benefits:</b>		
Beginning of year	10,920,062	12,145,257
End of year	\$ 12,190,662	\$ 10,920,062

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PENSION TRUST FUNDS - MONEY PURCHASE RETIREMENT PLAN #2  
STATEMENT OF PLAN NET ASSETS

JUNE 30, 2010  
(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and temporary investments	<u>\$ 362,308</u>	<u>\$ 324,822</u>
<b>Net Assets</b>		
Held in trust for employee's pension benefits	<u>\$ 362,308</u>	<u>\$ 324,822</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PENSION TRUST FUNDS - MONEY PURCHASE RETIREMENT PLAN #2  
STATEMENT OF CHANGES IN PLAN NET ASSETS

YEAR ENDED JUNE 30, 2010  
(With comparative amounts for June 30, 2009)

	2010	2009
<b>Additions</b>		
Employer contributions	\$ 10,923	\$ 10,923
Employee (member) contributions	10,923	10,923
Investment income gain/(loss)	29,640	(39,456)
Total additions	51,486	(17,610)
<b>Deductions</b>		
Benefit payments	14,000	—
Total deductions	14,000	—
Change in net assets	37,486	(17,610)
<b>Net assets held in trust for employee's pension benefits:</b>		
Beginning of year	324,822	342,432
End of year	\$ 362,308	\$ 324,822

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 AGENCY FUND  
 FIREMEN'S FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2010

	<u>Beginning Balance 6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 6/30/10</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 9,843	\$ 295,646	\$ (288,418)	\$ 17,071
<b>Liabilities</b>				
Due to Firemen's Association	\$ 9,843	\$ 295,646	\$ (288,418)	\$ 17,071

## CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS

This schedule presents only the capital asset balances (which include land, buildings, betterments, and equipment owned by the City) related to Governmental-type funds. Accordingly, the capital assets reported in Proprietary-type funds (Enterprise and Internal Service Funds) are excluded from these amounts. Infrastructure capital assets represent actual costs of construction, and/or estimated values of deeded properties by developers.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF  
 GOVERNMENTAL FUNDS BY SOURCE

JUNE 30, 2010  
 (With comparative amounts for June 30, 2009)

	2010	2009
<b>Governmental Funds Capital Assets</b>		
Land	\$ 11,034,350	\$ 10,691,172
Land improvements	5,647,305	5,647,305
Buildings	20,840,996	16,674,269
Machinery and equipment	14,946,696	14,614,485
	52,469,347	47,627,231
Infrastructure:		
Roads	21,121,723	18,275,028
Drainage systems	19,310,047	19,310,047
Developer contributions – roads	10,245,930	10,245,930
Sidewalks	1,859,394	1,859,394
Street lighting and other	747,555	747,555
	53,284,649	50,437,954
Construction in progress	724,248	4,016,197
Total governmental funds capital assets	\$ 106,478,244	\$ 102,081,382
<b>Investment in Governmental Funds Capital Assets by Source</b>		
General Obligation Bonds	\$ 18,386,470	\$ 18,386,470
General Fund Revenue	69,634,937	65,669,791
Special Revenue Funds	7,533,441	7,101,725
Gifts and contributions from developers	10,923,396	10,923,396
Total investment in governmental funds capital assets	\$ 106,478,244	\$ 102,081,382

## VICTIMS' RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES  
 YEAR ENDED JUNE 30, 2010

	<b>2010</b>
<b>Court Fines and Assessments</b>	
Court fines and assessments collected	\$ 424,966
Court fines and assessments remitted to State Treasurer	(300,330)
Total court fines and assessments retained	\$ 124,636
 <b>Surcharges and Assessments Retained for Victims Service</b>	
Total surcharges collected	\$ 23,117
Total assessments	36,556
Total surcharges and assessments	\$ 59,673
 <b>Funds Allocated to Victims Service</b>	
Carryover funds from prior year	\$ (87,279)
Surcharges and assessments retained	59,673
Expenditures for victims service	(71,803)
Total unexpended victims rights assistance funds	\$ 75,149

DISCRETELY PRESENTED COMPONENT UNIT

**Historical Museum:**

To account for revenues and expenditures associated with the City's Historical Museum.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DISCRETELY PRESENTED COMPONENT UNIT  
HISTORICAL MUSEUM  
BALANCE SHEET

JUNE 30, 2010  
(With comparative amounts for June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 597,505	\$ 112,251
Due from other governments	8,521	—
Total assets	<u>\$ 606,026</u>	<u>\$ 112,251</u>
<b>Liabilities and Fund Balance</b>		
Fund balance:		
Unreserved/undesignated	\$ 606,026	\$ 112,251
Total liabilities and fund balance	<u>\$ 606,026</u>	<u>\$ 112,251</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DISCRETELY PRESENTED COMPONENT UNIT  
 HISTORICAL MUSEUM  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2010  
 (With comparative actual amounts for June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 4,384	\$ 4,384	\$ 2,351
Unrestricted intergovernmental:				
City grants	—	530,000	530,000	61,500
Accommodations tax	—	3,582	3,582	—
Sales and service charges:				
Membership dues	—	530	530	170
Sundry items sales	—	330	330	—
Miscellaneous and non-department:				
Donations	—	400	400	500
Total revenue	—	539,226	539,226	64,521
<b>Expenditures</b>				
Parks and recreation:				
Museum development	—	45,451	(45,451)	26,126
Total expenditures	—	45,451	(45,451)	26,126
Excess (deficiencies) of revenue over expenditures	—	493,775	493,775	38,395
<b>Net change in fund balance</b>	—	493,775	493,775	38,395
Fund balance, beginning of year	112,251	112,251	—	73,856
Fund balance, end of year	\$ 112,251	\$ 606,026	\$ 493,775	\$ 112,251

CITY OF NORTH MYRTLE BEACH

## STATISTICAL SECTION

- Financial Trend** – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. (Tables I-V)..... 110-116
- Revenue Capacity** – These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property tax revenue. (Tables VI-IX)..... 117-120
- 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. (Tables X-XIV)..... 121-125
- Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments. (Tables XV-XVII)..... 126-128
- Operating Information** – These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs. (Tables XVIII-XIX) ..... 129-130

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## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NET ASSETS BY COMPONENT  
(Accrual basis of accounting)  
LAST NINE FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental Activities</b>									
Invested in capital assets, net of related debt	\$ 66,073,670	\$ 62,387,272	\$ 59,996,795	\$ 54,648,649	\$ 47,153,263	\$ 39,973,658	\$ 40,839,787	\$ 35,428,857	\$ 30,947,802
Restricted	981,627	370,247	280,938	295,569	1,063,240	1,049,601	1,098,748	1,141,465	1,734,199
Unrestricted	<u>13,385,175</u>	<u>16,926,046</u>	<u>11,782,163</u>	<u>12,810,362</u>	<u>11,666,720</u>	<u>13,011,400</u>	<u>6,841,785</u>	<u>8,274,940</u>	<u>8,258,264</u>
Total governmental activities net assets	<u>\$ 80,440,472</u>	<u>\$ 79,683,565</u>	<u>\$ 72,059,896</u>	<u>\$ 67,754,580</u>	<u>\$ 59,883,223</u>	<u>\$ 54,034,659</u>	<u>\$ 48,780,320</u>	<u>\$ 44,845,262</u>	<u>\$ 40,940,265</u>
<b>Business-type Activities</b>									
Invested in capital assets, net of related debt	\$ 74,463,999	\$ 73,470,864	\$ 70,181,520	\$ 66,994,082	\$ 60,972,531	\$ 56,752,917	\$ 54,705,351	\$ 49,616,367	\$ 48,425,947
Restricted	7,199,586	11,571,789	13,256,184	15,902,485	14,530,805	11,100,189	8,755,316	12,604,894	11,183,918
Unrestricted	<u>8,805,767</u>	<u>6,347,822</u>	<u>7,806,643</u>	<u>6,774,378</u>	<u>6,972,508</u>	<u>7,726,850</u>	<u>8,537,750</u>	<u>2,809,111</u>	<u>3,004,937</u>
Total business-type activities net assets	<u>\$ 90,469,352</u>	<u>\$ 91,390,475</u>	<u>\$ 91,244,347</u>	<u>\$ 89,670,945</u>	<u>\$ 82,475,844</u>	<u>\$ 75,579,956</u>	<u>\$ 71,998,417</u>	<u>\$ 65,030,372</u>	<u>\$ 62,614,802</u>
<b>Primary Government</b>									
Invested in capital assets, net of related debt	\$ 140,537,669	\$ 135,858,136	\$ 130,178,315	\$ 121,642,731	\$ 108,125,794	\$ 96,726,575	\$ 95,545,138	\$ 85,045,224	\$ 79,373,749
Restricted	8,181,213	11,942,036	13,537,122	16,198,054	15,594,045	12,149,790	9,854,064	13,746,359	12,918,117
Unrestricted	<u>22,190,942</u>	<u>23,273,868</u>	<u>19,588,806</u>	<u>19,584,740</u>	<u>18,639,228</u>	<u>20,738,250</u>	<u>15,379,535</u>	<u>11,084,051</u>	<u>11,263,201</u>
Total primary government net assets	<u>\$ 170,909,824</u>	<u>\$ 171,074,040</u>	<u>\$ 163,304,243</u>	<u>\$ 157,425,525</u>	<u>\$ 142,359,067</u>	<u>\$ 129,614,615</u>	<u>\$ 120,778,737</u>	<u>\$ 109,875,634</u>	<u>\$ 103,555,067</u>

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing GASB Statement 34.

TABLE II

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET ASSETS  
(Accrual basis of accounting)

## LAST NINE FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenses</b>									
<b>Governmental activities:</b>									
General Government	\$ 2,130,225	\$ 2,271,467	\$ 2,088,723	\$ (34,011)	\$ 1,161,528	\$ 1,459,140	\$ 1,548,044	\$ 1,625,528	\$ 1,254,936
Information Services	464,356	430,655	349,883	-	-	-	-	-	-
Finance	890,656	752,495	657,347	901,788	780,200	747,756	685,707	615,604	495,969
Public Safety	12,756,846	12,056,536	11,419,629	10,011,477	9,363,496	8,870,555	7,898,923	7,542,528	6,771,191
Planning and Development	1,563,628	1,507,356	1,317,488	1,473,242	1,464,816	1,315,645	1,121,542	1,031,627	964,970
Public Works	6,178,403	4,806,216	3,659,488	4,116,534	1,815,327	2,736,392	2,159,477	1,398,521	5,561,034
Parks and Recreation	3,415,431	3,129,329	3,259,313	2,764,956	2,594,537	2,403,297	1,988,628	2,130,942	1,951,975
Support Services	796,998	748,813	791,744	624,342	571,110	475,183	611,112	386,769	289,825
Debt service - interest	421,619	451,621	439,195	445,674	375,076	546,175	306,896	541,585	659,225
Depreciation (unallocated)	-	756,800	723,410	3,226,639	2,685,978	2,588,902	2,407,554	2,242,844	1,895,985
<b>Total governmental activities</b>	<b>\$ 28,618,162</b>	<b>\$ 26,911,288</b>	<b>\$ 24,706,220</b>	<b>\$ 23,530,641</b>	<b>\$ 20,812,068</b>	<b>\$ 21,143,045</b>	<b>\$ 18,727,883</b>	<b>\$ 17,515,948</b>	<b>\$ 19,845,110</b>
<b>Business-type activities:</b>									
Water and sewer utility -	\$ 13,264,136	\$ 13,913,062	\$ 13,482,505	\$ 13,337,790	\$ 12,478,180	\$ 11,430,356	\$ 10,015,661	\$ 9,515,558	\$ 8,506,615
Solid waste	3,580,362	3,554,310	3,550,876	3,259,451	3,015,221	2,872,433	2,723,065	2,593,302	2,649,677
Aquatic Center	2,248,606	2,255,884	2,300,591	2,220,718	1,638,962	163,149	35,985	-	-
Beach Services	1,889,646	2,125,599	2,454,720	1,028,145	-	-	-	-	-
<b>Total business type-activities</b>	<b>\$ 20,982,750</b>	<b>\$ 21,848,855</b>	<b>\$ 21,788,692</b>	<b>\$ 19,846,104</b>	<b>\$ 17,132,363</b>	<b>\$ 14,465,938</b>	<b>\$ 12,774,711</b>	<b>\$ 12,108,860</b>	<b>\$ 11,156,292</b>
<b>Total primary government expenses</b>	<b>\$ 49,600,912</b>	<b>\$ 48,760,143</b>	<b>\$ 46,494,912</b>	<b>\$ 43,376,745</b>	<b>\$ 37,944,431</b>	<b>\$ 35,608,983</b>	<b>\$ 31,502,594</b>	<b>\$ 29,624,808</b>	<b>\$ 31,001,402</b>
<b>Program Revenue</b>									
<b>Governmental activities:</b>									
<b>Fees for services</b>									
Storm Water	\$ 2,037,098	\$ 1,994,499	\$ 1,944,616	\$ 1,627,127	\$ 1,596,184	\$ 1,512,516	\$ 1,420,824	\$ 1,412,122	\$ 1,323,342
Fines	698,759	698,384	640,696	1,075,873	765,829	656,426	533,818	737,139	616,543
Building Permits	328,986	346,808	434,028	1,001,339	1,643,855	1,206,264	948,572	661,942	584,555
Other	155,462	139,472	331,341	204,577	476,595	231,007	102,505	227,910	125,218
Operating grants and contributions	1,806,030	456,982	445,707	2,099,130	61,404	154,959	1,205,168	893,912	2,128,113
Capital grants and contributions	573,294	6,303,509	1,582,531	1,125,000	587,704	2,998,980	768,155	61,315	136,210
<b>Total primary government net assets</b>	<b>\$ 5,599,629</b>	<b>\$ 9,939,654</b>	<b>\$ 5,378,919</b>	<b>\$ 7,133,046</b>	<b>\$ 5,131,571</b>	<b>\$ 6,760,152</b>	<b>\$ 4,979,042</b>	<b>\$ 3,994,330</b>	<b>\$ 4,913,981</b>

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CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

TABLE II (cont'd)

CHANGES IN NET ASSETS  
(Accrual basis of accounting)

LAST NINE FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Revenues and Transfers</b>									
Business-type activities									
Fees for services									
Water & Sewer	\$ 11,818,089	\$ 10,584,989	\$ 11,253,700	\$ 11,029,828	\$ 10,022,828	\$ 9,127,460	\$ 8,892,124	\$ 8,402,124	\$ 7,371,441
Solid Waste	3,731,954	3,787,700	3,158,258	3,152,034	2,646,757	2,600,664	2,196,194	2,314,403	1,943,350
Other	3,088,793	2,933,188	2,731,291	1,590,656	632,967	82,199	66,024	-	-
Operating grants and contributions	325,133	125,432	124,687	107,383	255,429	-	378,151	-	-
Capital grants and contributions	-	3,064,214	4,063,757	9,006,557	8,644,138	5,040,737	7,498,495	3,264,897	5,897,616
Total business-type activities	\$ 18,963,969	\$ 20,495,523	\$ 21,331,693	\$ 24,946,458	\$ 22,140,138	\$ 16,851,060	\$ 19,030,988	\$ 13,981,527	\$ 15,212,407
Total primary government program revenue	\$ 24,563,598	\$ 30,435,177	\$ 26,710,612	\$ 32,079,504	\$ 27,271,709	\$ 23,611,212	\$ 24,010,030	\$ 17,975,857	\$ 20,126,388
Governmental activities:									
Property taxes	\$ 11,168,009	\$ 11,070,906	\$ 9,663,938	\$ 8,569,450	\$ 7,440,462	\$ 6,883,489	\$ 6,453,278	\$ 6,445,385	\$ 5,701,861
Accommodations and hospitality taxes	6,226,860	6,231,622	6,907,921	6,670,715	6,246,427	5,446,357	3,180,602	3,172,527	2,649,080
State shared taxes - unrestricted	789,170	1,134,677	883,306	820,197	955,045	891,991	2,452,909	1,572,791	1,719,053
Business licenses and franchise taxes	6,278,270	6,758,690	6,934,321	8,190,225	7,234,776	6,186,665	4,928,605	4,374,125	4,062,520
Unrestricted investment earnings	239,601	352,529	398,535	893,930	676,842	901,987	817,312	1,970,661	6,281,584
Miscellaneous	26,744	88,097	55,774	95,149	(65,101)	34,804	208,987	16,126	1,193,796
Transfers in/(out)	(953,214)	(1,041,218)	(1,211,178)	(970,714)	(959,390)	(708,061)	(357,794)	(125,000)	(312,300)
Total governmental activities	\$ 23,775,440	\$ 24,595,303	\$ 23,632,617	\$ 24,268,952	\$ 21,529,061	\$ 19,637,232	\$ 17,683,899	\$ 17,426,615	\$ 21,295,594
Business-type activities:									
Unrestricted investment earnings	\$ 144,444	\$ 265,690	\$ 819,223	\$ 1,124,033	\$ 928,723	\$ 327,142	\$ 201,315	\$ 293,442	\$ 416,260
Miscellaneous	-	192,552	-	-	-	161,214	152,659	124,461	110,537
Transfers in/(out)	953,214	1,041,218	1,211,178	970,714	959,390	708,061	357,794	125,000	312,300
Total business type-activities	\$ 1,097,658	\$ 1,499,460	\$ 2,030,401	\$ 2,094,747	\$ 1,888,113	\$ 1,196,417	\$ 711,768	\$ 542,903	\$ 839,097
Total primary government general revenue and other changes	\$ 24,873,098	\$ 26,094,763	\$ 25,663,018	\$ 26,363,699	\$ 23,417,174	\$ 20,833,649	\$ 18,395,667	\$ 17,969,518	\$ 22,134,691
<b>Changes in Net Assets</b>									
Governmental activities:	\$ 756,907	\$ 7,623,669	\$ 4,305,316	\$ 7,871,357	\$ 5,848,564	\$ 5,254,339	\$ 3,935,058	\$ 3,904,997	\$ 6,364,465
Business-type activities	(921,123)	146,128	1,573,402	7,195,101	6,895,888	3,581,539	6,968,045	2,415,570	4,895,212
Total primary government changes in net assets	\$ (164,216)	\$ 7,769,797	\$ 5,878,718	\$ 15,066,458	\$ 12,744,452	\$ 8,835,878	\$ 10,903,103	\$ 6,320,567	\$ 11,259,677

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing GASB Statement 34.

TABLE III

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## PROGRAM REVENUE BY COMPONENT

(Accrual basis of accounting)

LAST NINE FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Function/Program</b>									
<b>Governmental Activities:</b>									
General Government	\$ 9,299	\$ 43,910	\$ 12,965	\$ 143,588	\$ 31,045	\$ 14,050	\$ 12,641	\$ 13,607	\$ 11,260
Information Services	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-
Public Safety	1,222,163	698,384	878,357	1,075,873	765,829	674,464	563,149	1,015,492	1,076,764
Planning and Development	328,986	346,808	434,028	-	-	1,206,264	948,572	661,942	584,555
Public Works	3,843,128	5,673,008	3,741,744	5,845,576	2,473,145	4,744,984	3,323,816	2,087,037	1,525,983
Parks and Recreation	196,053	3,177,544	311,825	68,009	217,697	95,590	130,864	216,252	1,715,419
Support Services	-	-	-	-	-	24,800	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 5,599,629</b>	<b>\$ 9,939,654</b>	<b>\$ 5,378,919</b>	<b>\$ 7,133,046</b>	<b>\$ 3,487,716</b>	<b>\$ 6,760,152</b>	<b>\$ 4,979,042</b>	<b>\$ 3,994,330</b>	<b>\$ 4,913,981</b>
<b>Business-type activities</b>									
Water and sewer utility	\$ 12,071,586	\$ 13,652,598	\$ 15,317,457	\$ 20,113,885	\$ 18,427,204	\$ 14,060,107	\$ 16,390,619	\$ 11,667,124	\$ 13,269,057
Solid waste	3,731,954	3,787,700	3,193,605	3,156,118	2,708,009	2,600,664	2,196,194	2,314,403	1,943,350
Aquatic Center	1,690,487	1,642,446	1,457,777	1,296,920	1,004,925	190,289	444,175	-	-
Beach Services	1,469,942	1,412,779	1,362,854	379,535	-	-	-	-	-
<b>Total business-type activities</b>	<b>\$ 18,963,969</b>	<b>\$ 20,495,523</b>	<b>\$ 21,331,693</b>	<b>\$ 24,946,458</b>	<b>\$ 22,140,138</b>	<b>\$ 16,851,060</b>	<b>\$ 19,030,988</b>	<b>\$ 13,981,527</b>	<b>\$ 15,212,407</b>
<b>Total program revenue by function and program</b>	<b>\$ 24,563,598</b>	<b>\$ 30,435,177</b>	<b>\$ 26,710,612</b>	<b>\$ 32,079,504</b>	<b>\$ 25,627,854</b>	<b>\$ 23,611,212</b>	<b>\$ 24,010,030</b>	<b>\$ 17,975,857</b>	<b>\$ 20,126,388</b>

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing GASB Statement 34.

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## FUND BALANCES

GOVERNMENTAL FUNDS  
(Modified accrual basis of accounting)

## LAST NINE FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Fund</b>									
Reserved	\$ 1,158,854	\$ 1,836,460	\$ 476,455	\$ 383,561	\$ 384,862	\$ 334,518	\$ 469,348	\$ 333,134	\$ 424,225
Unrestricted	8,126,070	7,916,327	9,214,021	11,127,279	12,796,645	10,077,585	8,371,324	7,246,842	8,133,014
Total general fund	<u>\$ 9,284,924</u>	<u>\$ 9,752,787</u>	<u>\$ 9,690,476</u>	<u>\$ 11,510,840</u>	<u>\$ 13,181,507</u>	<u>\$ 10,412,103</u>	<u>\$ 8,840,672</u>	<u>\$ 7,579,976</u>	<u>\$ 8,557,239</u>
<b>All Other Governmental Funds</b>									
Reserved, reported in:									
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service funds	-	-	-	-	-	-	-	-	-
Capital projects funds	1,002,938	34,566	75,054	153,754	881,417	895,201	934,007	927,187	1,413,102
Unreserved, reported in:									
Special revenue funds	4,678,783	4,326,912	1,175,181	700,841	505,661	276,707	(748,534)	2,652,323	1,533,842
Capital projects funds	2,209,185	4,521,368	1,644,902	1,311,447	93,963	398,853	(475,026)	(1,294,144)	(1,152,283)
Total all other governmental funds	<u>\$ 7,890,906</u>	<u>\$ 8,882,846</u>	<u>\$ 2,895,137</u>	<u>\$ 2,166,042</u>	<u>\$ 1,481,041</u>	<u>\$ 1,570,761</u>	<u>\$ (289,553)</u>	<u>\$ 2,285,366</u>	<u>\$ 1,794,661</u>
Total primary government	<u>\$ 17,175,830</u>	<u>\$ 18,635,633</u>	<u>\$ 12,585,613</u>	<u>\$ 13,676,882</u>	<u>\$ 14,662,548</u>	<u>\$ 11,982,864</u>	<u>\$ 8,551,119</u>	<u>\$ 9,865,342</u>	<u>\$ 10,351,900</u>
<b>Primary Government</b>									
Invested in capital assets, net of related debt	\$ 140,537,669	\$ 135,858,136	\$ 130,178,315	\$ 121,642,731	\$ 108,125,794	\$ 96,726,575	\$ 95,545,138	\$ 85,045,224	\$ 79,373,749
Restricted	8,181,213	11,942,036	13,537,122	16,198,054	15,594,045	12,149,790	9,854,064	13,746,359	12,918,117
Unrestricted	22,190,942	23,273,868	19,588,806	19,584,740	18,639,228	20,738,250	15,379,535	11,084,051	11,263,201
Total primary government net assets	<u>\$ 170,909,824</u>	<u>\$ 171,074,040</u>	<u>\$ 163,304,243</u>	<u>\$ 157,425,525</u>	<u>\$ 142,359,067</u>	<u>\$ 129,614,615</u>	<u>\$ 120,778,737</u>	<u>\$ 109,875,634</u>	<u>\$ 103,555,067</u>

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing GASB Statement 34.

TABLE V

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

 CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 (Modified accrual basis of accounting)

## LAST NINE FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Revenue</b>									
Property taxes:									
Current property taxes	\$ 10,822,314	\$ 10,903,564	\$ 9,337,950	\$ 8,312,388	\$ 7,504,632	\$ 6,634,370	\$ 6,374,997	\$ 5,690,453	\$ 6,673,734
Delinquent property taxes	504,785	167,342	166,898	173,607	145,756	39,194	78,281	161,604	140,536
Licenses and permits	6,607,116	7,105,498	7,368,349	9,208,744	8,878,631	7,392,929	8,940,899	8,094,828	7,296,155
Fines and forfeitures	591,575	594,020	498,923	946,703	667,589	559,298	443,370	624,318	507,169
Use of money and property	239,601	352,529	573,178	893,930	745,955	901,987	182,466	374,655	550,477
Unrestricted intergovernmental	925,511	1,134,667	11,040,789	970,104	955,045	891,991	820,928	593,328	606,644
Restricted intergovernmental	8,469,843	11,632,473	7,785,775	8,619,938	6,895,535	6,908,439	3,722,184	2,712,355	4,064,091
Sales and service charges	2,299,864	2,290,562	2,243,087	1,986,791	2,101,906	3,512,184	1,730,383	1,676,386	2,501,429
Miscellaneous	30,346	1,405,218	220,687	1,177,052	13,474	29,128	18,999	79,705	65,462
Total revenue	<u>\$ 30,490,955</u>	<u>\$ 35,585,873</u>	<u>\$ 29,235,636</u>	<u>\$ 32,289,257</u>	<u>\$ 27,908,523</u>	<u>\$ 26,869,520</u>	<u>\$ 22,312,507</u>	<u>\$ 20,007,632</u>	<u>\$ 22,405,697</u>
<b>Expenditures</b>									
Current:									
General Government/Administration	\$ 2,444,816	\$ 2,174,015	\$ 1,953,423	\$ (66,549)	\$ 1,031,253	\$ 1,459,140	\$ 1,548,044	\$ 1,625,528	\$ 1,231,814
Finance	717,716	649,999	541,807	901,788	780,200	747,756	685,707	615,604	495,969
Information Services	328,899	348,220	349,883						
Public Safety	10,910,010	10,754,799	10,694,089	10,011,477	9,363,496	8,870,555	7,898,923	7,542,528	6,771,191
Planning and Development	1,453,280	1,413,520	1,282,207	1,473,242	1,464,816	1,315,645	1,121,542	1,031,627	964,970
Public Works	6,633,499	7,036,796	4,671,751	7,023,921	5,899,802	9,237,747	7,756,124	3,266,970	6,674,278
Parks and Recreation	3,802,272	6,673,148	3,193,185	2,764,956	2,594,537	2,403,297	1,988,628	2,130,942	1,951,975
Support Services	667,499	656,093	765,972	624,342	571,110	475,183	449,463	393,686	289,825
Debt service:									
Principal	2,652,808	2,129,899	2,020,987	1,947,568	1,934,661	1,913,040	1,037,000	965,000	3,033,692
Interest	366,663	291,231	380,323	463,741	438,980	578,583	306,896	676,296	543,437
Capital outlay	907,831	1,540,672	3,262,100	7,879,003	3,849,922	782,834	667,157	2,147,009	1,609,741
Total expenditures	<u>\$ 30,885,293</u>	<u>\$ 33,668,392</u>	<u>\$ 29,115,727</u>	<u>\$ 33,023,489</u>	<u>\$ 27,928,777</u>	<u>\$ 27,783,780</u>	<u>\$ 23,459,484</u>	<u>\$ 20,395,190</u>	<u>\$ 23,566,892</u>

\*\*\*CONTINUED\*\*\*

TABLE V (cont'd)

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
(Modified accrual basis of accounting)

## LAST NINE FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Other Financing Sources (Uses)</b>									
Bond Issuance	\$ -	\$ 5,100,000	\$ -	\$ -	\$ 1,975,000	\$ -	\$ 8,000,000	\$ 1,471,000	\$ -
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(1,445,000)	-
Transfers in	7,366,530	8,054,681	7,973,028	7,389,392	5,909,338	5,497,829	1,240,194	1,800,393	2,496,055
Transfers (out)	<u>(8,319,744)</u>	<u>(9,095,998)</u>	<u>(9,184,206)</u>	<u>(8,360,106)</u>	<u>(6,868,728)</u>	<u>(6,748,216)</u>	<u>(167,246)</u>	<u>(1,925,393)</u>	<u>(2,808,355)</u>
Total other financing sources (uses)	<u>\$ (953,214)</u>	<u>\$ 4,058,683</u>	<u>\$ (1,211,178)</u>	<u>\$ (970,714)</u>	<u>\$ 1,015,601</u>	<u>\$ 6,749,613</u>	<u>\$ (167,246)</u>	<u>\$ (99,000)</u>	<u>\$ (312,300)</u>
Net change in fund balances	\$ (1,347,552)	\$ 5,976,164	\$ (1,091,269)	\$ (1,704,946)	\$ 995,356	\$ 5,835,353	\$ (1,314,223)	\$ (486,558)	\$ (1,473,495)
Fund balances, beginning of year	<u>18,523,382</u>	<u>12,659,469</u>	<u>13,676,882</u>	<u>15,381,828</u>	<u>14,386,472</u>	<u>8,551,119</u>	<u>9,865,342</u>	<u>10,351,900</u>	<u>11,825,395</u>
Fund balances, end of year	<u>\$ 17,175,830</u>	<u>\$ 18,635,633</u>	<u>\$ 12,585,613</u>	<u>\$ 13,676,882</u>	<u>\$ 15,381,828</u>	<u>\$ 14,386,472</u>	<u>\$ 8,551,119</u>	<u>\$ 9,865,342</u>	<u>\$ 10,351,900</u>
Ratio of Debt Service to General Government Expenditures including Capital Outlay	<u>10.84%</u>	<u>7.75%</u>	<u>8.99%</u>	<u>7.88%</u>	<u>9.29%</u>	<u>9.85%</u>	<u>9.85%</u>	<u>8.75%</u>	<u>17.89%</u>

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing GASB Statement 34.

TABLE VI

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

<u>Fiscal Year</u>	<u>Real and Personal Property</u>			<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Estimated Actual Value</u>
	<u>Real Estate</u>	<u>Personal</u>	<u>Less: Tax-Exempt</u>				
2001	131,859,611	18,845,977	2,367,773	148,337,815	0.0357	2,472,300,000	6.0
2002	145,552,226	16,814,285	2,513,010	159,853,501	0.0357	2,664,225,000	6.0
2003	154,520,238	14,201,408	2,761,058	165,960,588	0.0357	2,766,000,000	6.0
2004	164,149,623	22,657,095	2,866,074	183,940,644	0.0357	3,015,420,000	6.1
2005	167,743,316	24,534,360	2,867,679	189,409,997	0.0357	3,139,826,000	6.0
2006	216,193,479	46,475,103	2,933,728	259,734,854 <sup>(1)</sup>	0.0305	4,248,137,000	6.1
2007	247,958,690	34,691,790	3,652,346	278,998,134	0.0305	4,699,320,592	5.9
2008	283,695,735	25,394,013	2,927,453	306,162,295	0.0305	5,198,001,614	6.0
2009	329,532,557	28,473,021	3,183,502	354,822,076	0.0322	5,913,000,000	6.0
2010	327,848,164	27,883,552	3,175,101	352,556,615	0.0322	5,875,944,000	6.0

<sup>(1)</sup> Reassessment performed by Horry County.

Note: 1 mil is equal to \$352,557 in property tax billings.

TABLE VII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
 LAST TEN FISCAL YEARS  
 (rate per \$1,000 of assessed value)

<u>Fiscal Year</u>	<u>City Millage</u>	<u>County Millage</u>	<u>School District Millage</u>	<u>Higher Education Commission Millage</u>	<u>Total Millage</u>
2001	35.7	50.2	124.9	0.7	211.5
2002	35.7	50.2	124.9	0.7	211.5
2003	35.7	50.2	130.4	0.7	217.0
2004	35.7	51.0	130.0	0.7	217.4
2005	35.7	50.9	130.4	0.7	217.7
2006	30.5	52.0	129.7	0.7	212.9
2007	30.5	46.6	143.3	0.7	221.1
2008	30.5	46.6	143.3	0.7	221.1
2009	32.2	46.6	143.3	0.7	222.8
2010	32.2	47.3	143.3	0.7	223.5

Note: Each mil for North Myrtle Beach is equal to \$354,822 in property taxes.

TABLE VIII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 PRINCIPAL PROPERTY TAXPAYERS  
 YEARS 2010 AND 2001

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>2010 ASSESSMENTS</u>	<u>Percentage of Total Assessed Value</u>	<u>2010 RANK</u>	<u>2001 ASSESSMENTS</u>	<u>2001 RANK</u>	<u>Percentage of Total Assessed Value</u>
Lawyers Title Insurance Corp	Condominium	3,387,324	0.96%	1	750,858	6	0.58%
Bluegreen Vacations Unlimited	Condos -	2,616,396	0.74%	2	1,134,312	3	0.87%
THF Gator Hole	Commercial-Retail	2,282,478	0.65%	3			
Lakeside Festival Shopping	Commercial - Retail	2,057,598	0.58%	4			
Fairfield Resorts, Inc.	Multi-Family Residential	1,948,200	0.55%	5			
Worley, Harold G.	Commercial	1,617,966	0.46%	6	580,794	10	0.45%
Ocean Keyes Development	Residential Development	1,516,980	0.43%	7			
Centex Homes	Residential Development	1,486,908	0.42%	8			
Bahama Sands	Condos -	1,282,560	0.36%	9			
Boulineau's Inc.	Commercial-Residential	1,140,720	0.32%	10	424,398	13	0.33%
Barefoot Resort Golf Club	Golf Courses	1,065,978	0.30%	11			
ETW Development Co. LLC	Condos -	1,018,026	0.29%	12			
Hillside Development	Residential Development	990,330	0.28%	13			
Barefoot Partners I LLC	Commercial	790,062	0.22%	14			
DeFender Development Corp.	Links Golf & Raq Club	780,024	0.22%	15			
Barefoot Partners LLC	North Beach Plantation	743,454	0.21%	16			
Surfwood Plaza	Commercial	689,352	0.20%	17	622,338	9	0.48%
Peppertree Resort LTD	Timeshare	699,960	0.19%	18	380,622	18	0.29%
Seabrook Plantation	Residential Development	649,296	0.18%	19			
Legacy Dev. SC Group LLC	Residential Development	605,400	0.17%	20	1,624,640	1	1.25%
Barefoot Properties II LTD	Commercial				1,546,510	2	1.19%
Elliott Holding Company LLC	Commercial / Undeveloped				992,988	4	0.76%
LLL Partnership	Multi-Family Residential				945,390	5	0.72%
Defender Development Group	Multi-Family Residential				705,798	7	0.54%
Briarcliffe RV Resort	Mobile Home Park				630,600	8	0.48%
		<u>\$27,338,112</u>	<u>7.75%</u>		<u>\$10,339,248</u>		<u>7.80%</u>

TABLE IX

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## PROPERTY TAX LEVIES AND COLLECTIONS (1)

## LAST TEN FISCAL YEARS

<b>Fiscal Year Ended June 30,</b>	<b>Real Estate</b>	<b>Amount</b>	<b>Percentage of Levy</b>	<b>Collections in Subsequent Years</b>	<b>Amount</b>	<b>Percentage of Levy</b>
2001	\$5,295,660 <sup>(1)</sup>	\$5,070,63	95.8%	\$83,653	\$5,154,290	97.3%
2002	5,706,770	5,561,325	97.5%	69,816	5,631,141	98.7%
2003	5,924,793	5,690,453	96.0%	106,897	5,797,350	97.8%
2004	6,374,997	6,183,313	97.0%	197,531	6,380,844	100.1%
2005	6,634,370	6,469,365	97.5%	(16,727) <sup>(2)</sup>	6,452,638	97.3%
2006	7,921,913 <sup>(3)</sup>	7,732,578	97.6%	83,907	7,816,485	98.7%
2007	8,509,423	8,312,388	97.7%	103,520	8,415,908	98.9%
2008	9,580,573	9,337,950	97.5%	83,010	9,420,960	98.3%
2009	11,425,271 <sup>(4)</sup>	10,903,564	95.4%	70,450	10,974,014	96.1%
2010	11,352,323	10,822,314	95.3%	372,131	11,194,445	98.6%

(1) Millage rate reduced to 35.7 from 38.7.

(2) Cash refunds from prior year assessment appeals.

(3) Millage rate reduced to 30.5 from 35.7.

(4) Millage rate increased to 30.5 from 32.2.

TABLE X

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## RATIOS OF OUTSTANDING LONG-TERM DEBT BY TYPE

## LAST TEN FISCAL YEARS

Fiscal Year	General Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Lease and Storm Water Revenue Bonds	Water and Sewer System Revenue Bonds	Water and Sewer Contracts Payable	Aquatic Center Enterprise Fund				
2001	\$ 8,355,000	\$ -	\$ 1,735,000	\$ 16,255,000	\$ -	\$ -	\$ 26,565,527	8.51%	2,379
2002	7,425,000	-	1,585,000	15,638,501	-	-	24,892,150	7.64%	2,183
2003	6,486,000	-	1,385,000	14,873,333	-	-	23,096,853	6.75%	1,984
2004	5,449,000	-	1,170,000	14,135,000	8,600,000	-	29,652,560	8.14%	2,495
2005	4,378,000	8,000,000	950,000	13,418,333	8,314,181	-	35,531,404	9.18%	2,928
2006	3,254,000	9,089,239	725,000	12,790,000	8,016,643	-	34,386,339	8.36%	2,776
2007	2,588,000	6,951,749	490,000	12,131,666	7,706,906	-	30,502,024	6.98%	2,412
2008	1,895,000	4,467,410	255,000	11,433,333	7,384,471	-	25,435,214	5.47%	1,970
2009	6,248,000	3,478,866	-	10,695,000	7,048,815	-	27,470,681	5.56%	2,084
2010	5,031,424	2,452,794	-	9,920,000	6,699,397	-	24,103,615	4.59%	1,791

Note: See Demographic and Economic Statistics" table for personal income and per capita data.

TABLE XI

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

## LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total General Bonded Indebtedness</u>	<u>Percentage of Assessed Value of Taxable Property</u>	<u>Per Capita</u>
2001	8,355,000 <sup>(1)</sup>	5.63%	748.05
2002	7,425,000	4.64%	651.14
2003	6,486,000	3.91%	557.12
2004	5,449,000	2.96%	458.44
2005	4,378,000	2.31%	360.77
2006	3,254,000	1.25%	262.65
2007	2,588,000	0.93%	204.62
2008	1,895,000	0.62%	146.76
2009	6,248,000 <sup>(1)</sup>	1.76%	473.98
2010	5,031,424	1.43%	373.86

(1) Includes the 2009 General Obligation Road Improvement Bond in the amount of \$5,100,000.

TABLE XII

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## TOTAL DIRECT AND OVERLAPPING DEBT

JUNE 30, 2010

<u>Jurisdiction</u>	<u>Assessed Value</u>	<u>General Bonded Debt Outstanding</u>		
		<u>General Obligation Bond Principal Outstanding</u> <sup>(1)</sup>	<u>Percentage Applicable to the City of North Myrtle Beach</u>	<u>Amount Applicable to the City of Outstanding</u> <sup>(2)</sup>
City of North Myrtle Beach	\$ 352,556,615	\$ 5,031,424	100.00%	\$ 5,031,424
Horry County	2,006,179,000	122,175,000	17.57%	21,466,148
Horry County School District	2,006,179,000	<u>412,640,000</u>	17.57%	<u>72,500,848</u>
Total Direct & Overlapping Debt		<u>\$ 539,846,424</u>		<u>\$ 98,998,420</u>

(1) Data for overlapping jurisdictions was provided by the Horry County Finance Department.

(2) The percentage of General Obligation Bond principal debt applicable to the City of North Myrtle Beach is based on the percentage of assessed valuation of property located in the City.

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## LEGAL DEBT MARGIN INFORMATION

## LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Total Assessed Valuation</b>	\$352,556,615	\$354,822,076	\$306,162,295	\$278,998,134	\$259,734,854	\$189,409,997	\$183,940,644	\$165,960,588	\$159,853,501	\$148,337,815
Maximum General Obligation Obligation Debt limited to 8% of total assessed valuation <sup>(1)</sup>	28,204,529	28,385,766	24,492,984	22,319,851	20,778,788	15,152,800	14,715,252	13,276,847	12,788,280	11,867,025
Outstanding bonds chargeable to bond limit <sup>(2)</sup>	<u>5,031,424</u>	<u>6,248,000</u>	<u>1,895,000</u>	<u>2,588,000</u>	<u>3,254,000</u>	<u>4,378,000</u>	<u>5,449,000</u>	<u>6,486,000</u>	<u>7,425,000</u>	<u>8,355,000</u>
Legal debt margin	<u>\$23,173,105</u>	<u>\$22,137,766</u>	<u>\$22,597,984</u>	<u>\$19,731,851</u>	<u>\$17,524,788</u>	<u>\$10,774,800</u>	<u>\$ 9,266,252</u>	<u>\$ 6,790,847</u>	<u>\$ 3,512,025</u>	<u>\$ 351,205</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>17.8%</u>	<u>22.0%</u>	<u>7.7%</u>	<u>11.6%</u>	<u>28.9%</u>	<u>28.9%</u>	<u>37.0%</u>	<u>48.9%</u>	<u>58.1%</u>	<u>70.4%</u>

(1) Article 10, Section 14.7 of the South Carolina Constitution limits general obligation debt to 8% of the assessed value of all taxable property.

(2) Includes only General Obligation Bonds.

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PLEDGED REVENUE - REVENUE BOND COVERAGE WATER AND SEWER  
ENTERPRISE FUND AND STORM WATER DRAINAGE FUND

## LAST TEN FISCAL YEARS

Fiscal Year		Gross Revenue <sup>(1)</sup>	Operating and Maintenance Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Total Debt Service Requirements (3)			Dept Service Coverage
					Principal	Interest	Total	
2001		\$ 8,406,450	\$ 5,790,377	\$ 2,616,073	\$ 805,000	\$ 1,101,014	\$ 1,906,014	137%
2002		7,767,440	5,422,696	2,344,744	838,333	987,628	1,825,961	128%
2003		8,820,130	6,439,433	2,380,697	965,168	822,544	1,787,712	133%
2004		9,335,124	6,625,984	2,709,140	953,333	795,528	1,748,861	155%
2005	Water and Sewer	10,027,816	7,632,393	2,395,423	936,667	805,100	1,741,767	138%
	Stormwater <sup>(2)</sup>	1,606,960	-	1,606,960	853,040	314,604	1,167,644	137%
2006	Water and Sewer	11,730,817	8,606,218	3,124,599	853,333	700,241	1,553,574	201%
	Stormwater	1,711,205	-	1,711,205	810,661	234,339	1,045,000	164%
2007	Water and Sewer	12,335,826	9,205,793	2,930,431	893,333	708,977	1,602,310	183%
	Stormwater	1,647,144	-	1,647,144	919,737	220,263	1,140,000	144%
2008	Water and Sewer	12,335,826	9,298,912	3,036,914	933,333	556,518	1,489,851	204%
	Stormwater	1,958,240	24,160	1,934,080	951,723	188,277	1,140,000	170%
2009	Water and Sewer	12,337,086	9,578,845	2,758,241	993,333	618,037	1,611,370	171%
	Stormwater	5,207,821	853,538	4,354,283	988,544	151,456	1,140,000	382%
2010	Water and Sewer	13,310,978	9,736,224	3,574,754	775,000	568,787	1,343,787	266%
	Stormwater	2,005,549	431,716	1,573,833	1,026,073	113,927	1,140,000	138%

(1) Includes total revenues and Impact Fees to cover bond principal and fee studies recorded as operating expenses for the respective Fiscal Year.

(2) Operating and Maintenance expenses exclude Depreciation and Interest.

(3) Added Stormwater Bonds in 2005.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROPERTY VALUES AND CONSTRUCTION

LAST TEN FISCAL YEARS

<b>Fiscal Year Ended June 30</b>	<b>Total Estimated Actual Value Amounts in 000's <sup>(1)</sup></b>	<b>Single Family Units <sup>(2)</sup></b>	<b>Construction</b>	<b>Units</b>	<b>Multi- Family Construction</b>	<b>Units</b>	<b>Commercial Construction</b>	<b>Total Construction</b>
2001	\$ 2,472,300	207	\$ 30,742,737	683	\$ 55,386,240	24	\$ 29,427,967	\$ 115,556,944
2002	2,664,225	225	33,835,617	501	61,591,812	9	31,609,649	127,037,078
2003	2,766,000	325	50,061,500	537	83,088,805	5	24,268,891	157,419,196
2004	3,015,420	278	48,538,234	1335	168,263,252	27	18,750,793	235,552,279
2005	3,139,826	334	52,556,053	1498	164,932,445	120	15,983,819	233,472,317
2006	4,248,137 <sup>(3)</sup>	317	82,308,395	1190	220,231,483	488	73,666,454	376,206,332
2007	4,699,320	201	57,374,305	730	159,950,167	14	24,101,710	241,426,182
2008	5,198,002	125	36,424,451	12	2,105,249	18	12,943,211	51,472,911
2009	5,913,701	115	29,849,672	11	9,828,033	4	4,069,068	43,746,773
2010	5,875,944	128	59,769,116	12	11,280,593	8	4,910,767	45,960,476

(1) Estimated actual value - Horry County Assessment Office.

(2) Construction valuation and number of units - Planning Department, City of North Myrtle Beach.

(3) Horry County reassessment.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Total Personal Income (amounts in thousands)</u>	<u>Per Capita Personal Income</u> <sup>(1)</sup>	<u>Horry County Unemployment Rate</u> <sup>(2)</sup>
2001	11,169	\$ 312,185	\$ 27,951	4.5%
2002	11,403	325,909	28,581	4.4%
2003	11,642	342,333	29,405	5.3%
2004	11,886	364,306	30,650	5.2%
2005	12,135	387,143	31,903	4.8%
2006	12,389	411,402	33,207	4.7%
2007	12,648	437,181	34,565	4.3%
2008	12,912	464,575	35,979	5.6%
2009	13,182	493,686	37,452	12.1%
2010	13,458	524,621	38,985	10.3%

2007

<u>INCOME</u>	<u>Horry County</u>		<u>North Myrtle Beach</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
\$0 - \$10,000	7,254	8.9%	355	6.5%
10,000 - 14,999	5,413	6.6%	306	5.6%
15,000 - 24,999	12,689	15.5%	878	16.1%
25,000 - 34,999	13,677	16.7%	862	15.8%
35,000 - 49,999	15,454	18.9%	1074	19.7%
50,000 - 74,999	15,647	19.1%	1016	18.6%
75,000 - 99,999	5,828	7.1%	469	8.6%
100,000 - 149,999	3,975	4.9%	321	5.9%
150,000 - 199,999	753	0.9%	96	1.7%
200,000 and over	1,095	1.4%	81	1.5%
	<u>81,785</u>	<u>100.0%</u>	<u>5,458</u>	<u>100.00%</u>
Median Household Income:	\$36,470		\$38,787	
Per Capita Income:	\$19,949		\$27,006	
Average Household Size	2.3		2.3	

North Myrtle Beach population figures for 2001 through 2010 are calculated using the previous year's growth rate due to the fact that no published figures are available for these years.

(1) Based on 2000 Census.

(2) County information per S.C. Employment Security Commission.

## PRINCIPAL EMPLOYERS

Largest Employers in NMB - 2010 and 2006

<u>Rank</u>	<u>Employer</u>	<u>2010 # of Employees</u>	<u>2006 # of Employees</u>
1	City of North Myrtle Beach	439	360
2	Wal-Mart	424	403
3	Wyndham Sales & Marketing	317	
4	House of Blues	214	160
5	Boulineau's Inc.	200	250
6	Avista	190	
7	Wyndham Resort	177	
8	Bi-Lo (2 stores)	160	115
9	Lowe's	134	100
10	Baywatch Resort	120	
11	Beach Cove	112	100
12	Cracker Barrell	106	
13	Barefoot Resort Golf	100	
14	Alabama Theatre	100	100
15	T-Bonz	100	
16	Home Depot	88	109
17	Carrabba's	85	
18	Outback	75	
19	K & W Cafeteria	72	
20	Food Lion (1 Store)	45	85

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing the changes to the statistical section.

\* Statistical information on total number of people employed in North Myrtle Beach is unavailable.

Source: North Myrtle Beach Revenue Division

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM  
 LAST EIGHT FISCAL YEARS

Employees by Function/Program	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Governmental Activities:</u>									
General Government									
Legislative	8	8	8	8	8	8	8	8	8
Administrative	14	14	14	14	11	10.5	10.5	9.5	8.5
City Court	5.5	5.5	5.5	5.5	5	5	4	4	4
Information Services	6	6	6	6	5	5	4	4	4
Finance									
Accounting/Revenue	12	12	12	10	9.5	9.5	9.5	9	9
Public Safety									
Administration	10	12	12	11	11	12	12	13	12
Detectives	9.5	9.5	10.5	10.5	10.5	10.5	9.5	9.5	9.5
Public Safety & Fire Officials	144	141	132	129	125.5	118.5	113.5	112.5	111.5
Planning & Community Development									
Administration	10	10	10	10	10	10	9	8	8
Inspection Services	9	11	11	11	9	7	7	8	8
Public Works									
Streets / Drainage	19	19	19	18	18	17	17	17	17
Parks and Recreation									
Parks & Grounds	13	13	13	12	11	10.5	10.5	10	9
Other Recreation Activities	7	7	7	6.5	6.5	6.5	6.5	6	6
Support Services									
Purchasing	7	7	7	7	7	6	6	6	5
Fleet Maintenance	6	6	6	5	5	5	5	5	5
Custodial & Facility Maintenance	5	5	5	4	4	4	4	4	3
<u>Business-type Activities:</u>									
Parks and Recreation									
Aquatic & Fitness Center	26.6	27.6	25.5	27	22	-	-	-	-
Beach Services	44.5	48	57.8	14	-	-	-	-	-
Water & Sewer Utility									
Administration	12.75	12.75	12.75	12	12	12	12	11.5	11
Wastewater Treatment	6	6	6	6	6	6	5	5	5
Wells/Lifts Maintenance	9	9	9	9	9	9	9	9	8
Construction Maintenance	19	21	19	19	17	17	17	17	14
Solid Waste Utility									
Administration	4.25	4.25	4.25	4	4	4	4	4	3.5
Sanitation Services	29	29	29	29	26	25	25	25	24
GRAND TOTALS	<u>436.1</u>	<u>443.6</u>	<u>441.3</u>	<u>387.5</u>	<u>352</u>	<u>318</u>	<u>308</u>	<u>305</u>	<u>293</u>

TABLE XIX

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
MISCELLANEOUS STATISTICAL DATA

June 30, 2010

Date of Incorporation	May 7, 1968
Form of Government	Council/Manager
Area - Square Miles	19
Miles of Shoreline on the Atlantic Ocean	9
<b>WATER &amp; SEWER SYSTEM</b>	
Number of Customer Billings for FY 2010	146,658
Daily Pumping Capacity - Gallons	13,200,000
Greatest Pumpage for a Single Day	8,600,000
Maximum Filtration Plant Capacity Per Day - Gallons	11,200,000
Maximum Wells Capacity Per Day - Gallons	2,000,000
Maximum Wastewater Capacity	10,400,000
Greatest Wastewater Treatment Day	7,640,000
<b>PUBLIC SAFETY</b>	
Number of Stations	5
Annual Police Calls	33,165
Annual Fire Calls	3,714
Fire Inspections	7,928
Traffic Stops	7,026
Arrests	2,795
<b>BUILDING</b>	
Permits Issued	2,086
Estimated Cost of Construction	74,648,686
Inspections	8,414
<b>SOLID WASTE</b>	
Garbage - Tons	11,482
Construction Debris - Tons	785
Yard Waste - Tons	3,872
Recycling - Tons	1,509
<b>STREETS</b>	
Asphalt Paving/Repairs - Tons	952
Drainage Installed - Linear Feet	1,328
Street Sweeping - Miles	2,527

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