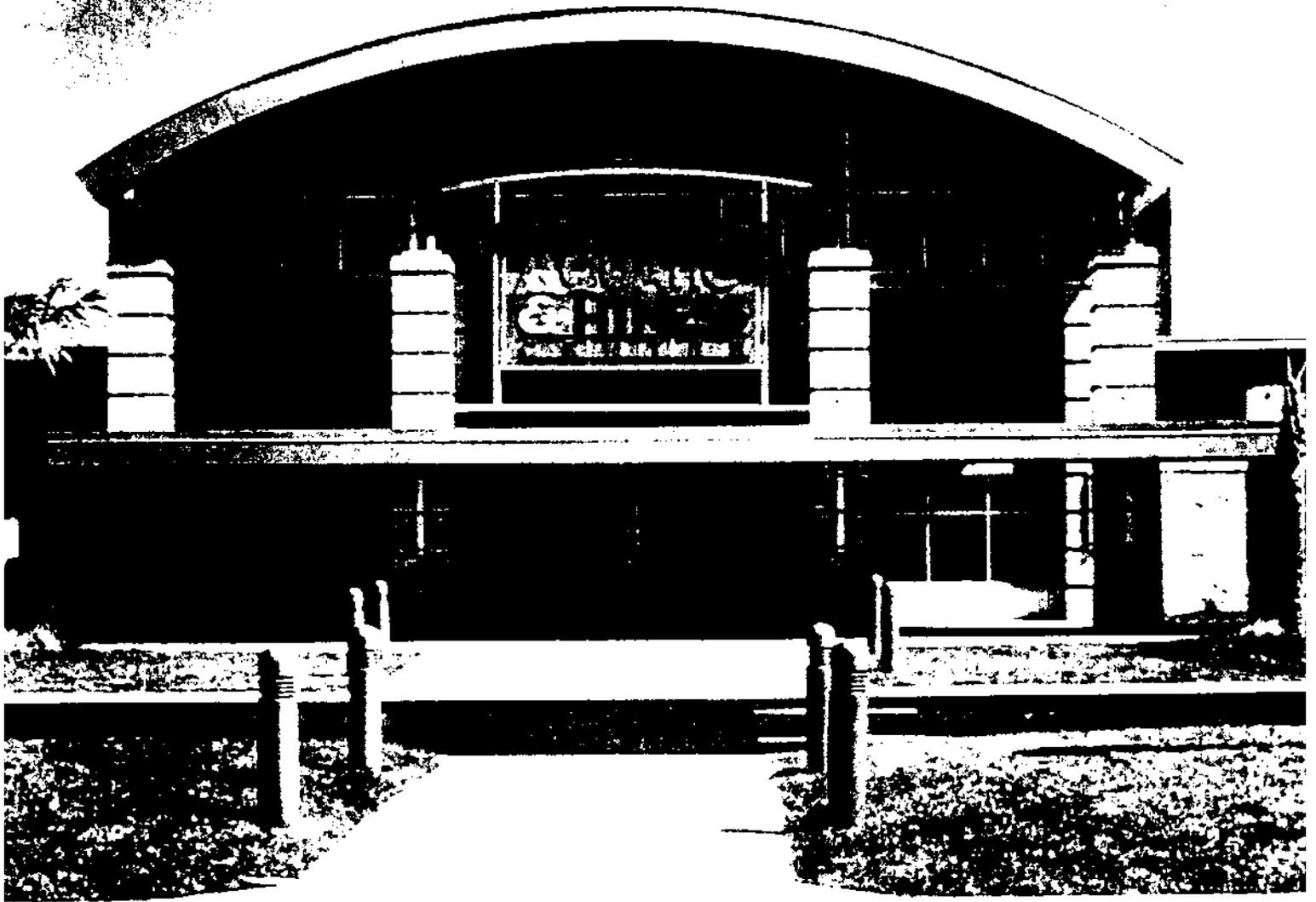


The City of North Myrtle Beach South Carolina



**Comprehensive Annual Financial Report
for Fiscal Year ended June 30, 2007**

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2007

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2007

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INTRODUCTORY SECTION

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December 7, 2007

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

We are pleased to submit the Comprehensive Annual Financial Report of the City of North Myrtle Beach, South Carolina for the Fiscal Year Ended June 30, 2007 (FY 2007). The report contains a comprehensive analysis of the City's financial position and activities for the period. This report is presented in three sections: 1) the Introductory Section, this transmittal letter, a listing of City officials, and the organizational structure; 2) the Financial Section, which consists of the independent auditor's report, management's discussion and analysis, basic financial statements and notes to the financial statements, detailed combining and individual statements and required supplement information; and 3) the Statistical Section, which contains pertinent financial and general information indicating trends for comparative fiscal periods.

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. Management has established and maintains a system of internal controls to provide for this assurance.

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, 2007, 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 expired during November 2007. The present term of the Mayor and the councilmembers from the Ocean Drive and Windy Hill Wards will expire during November 2009. The two at-large councilmembers were added November 2001 – they both have a four-year term and one will expire during November 2009 while the other will be November 2011. 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 48 and 49 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 current economic outlook appears to be continued growth through 2007. Indicators such as water usage, property tax revenues, hospitality fees, and accommodations tax receipts continue to show a very healthy growth on an annual basis. Other factors such as registered voters also show an ever-increasing permanent population in North Myrtle Beach.

The construction industry is the one area that has experienced a significant slow down over the last year. A total of \$42,164,638 of permitted construction for residential has occurred over the first four months of FY 2008. This represents a decrease of 15% 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.

Significant growth in the retail and restaurant industries will continue to provide a strong economic picture for the City of North Myrtle Beach. Significant land areas are in the process of annexing into the City which will provide two very large commercial districts for these industries to continue to grow.

Long-Term Financial Planning

The new \$8.6 million Aquatic & Fitness Center was completed in November of 2005. The center has almost 4,000 members and is adding new customers daily. The project has greatly enhanced the quality of life for city residents and those who choose to join from surrounding areas. The center is run as an enterprise fund and user fees are charged in order to make the center self supporting.

General Fund revenues continue to show substantial growth due to the new property tax legislation and increased business activity in the city as shown by the growth in business licenses. The recently passed property tax legislation by the South Carolina General Assembly will have a very positive impact on property tax revenue because it reassesses all property to market value upon the sale of any real property.

ACCOUNTING SYSTEM

The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with self-balancing set of accounts. The types of funds to be used are determined by Generally Accepted Accounting Principles, and the number of individual funds established is determined by sound financial administration.

The City's records are maintained on a modified accrual basis for all governmental and fiduciary fund types, except the Pension Trust Fund. Accordingly, revenues are recognized when susceptible to accrual, i.e., measurable and available. Expenditures other than interest on long-term debt are recognized as liabilities when incurred. The accrual basis of accounting is utilized by all proprietary funds and the Pension Trust fund. A more detailed explanation of the basis of accounting for various funds is included in the Notes to the Financial Statements, located in the Financial Section of this report.

CASH MANAGEMENT

The Divisions of Accounting and Revenue have undertaken an active cash management program to ensure the most efficient and profitable use of the City's cash resources. The City takes advantage of investment opportunities of all temporary idle funds. The cash available for investment as of June 30, 2007 was invested in the South Carolina Local Government Investment Pool, collateralized deposits, and repurchase agreements. The average yield on investments, except the Pension Trust Fund, during 2007 was slightly over 5%.

RISK MANAGEMENT

The City provides a comprehensive risk management program. This program has two main objectives. The first of these objectives is to ensure a safe environment for City employees and for members of the public who utilize services provided by the City. The second objective is to develop an effective accident prevention program, thereby reducing the costs of both accidents and insurance. The reduction in the number of accidents and incidents is vital since all insurance coverage as of October 1, 1990 is provided by participation in the state or municipal insurance groups, which are basically self-funded. The plans provide for certain types of excess coverage and the overall administration of the plans. The Notes to the Financial Statements contain additional information concerning the risk pools and coverage amounts.

PENSION PLANS

Employees of the City of North Myrtle Beach are covered by three pension plans. City police officers are covered by the South Carolina Officers Retirement System, which provides retirement, death and disability benefit

allowances. General employees and firefighters are covered under a defined contribution plan administered by the Retirement Corporation with the International City Management Association. A second defined contribution plan with ICMA covers designated management personnel. The plan for general employees and firefighters was put in place as of July 1, 1994 to replace the terminated defined benefit plan known as the North Myrtle Beach Death, Disability and Retirement Plan.

Money Purchase Pension Plan #1, which includes general employees, had total contributions of \$849,367 of which the employer contributed \$679,223 and the employees contributed \$170,144. The employer provides 8%, while the employee pays 2%. The plan had an ending net asset of \$12,018,497.

Money Purchase Pension Plan #2 includes the City Attorney at this time. Contributions to the plan are 12% employer and 12% employee. Employer contributions totaled \$12,513 and employee contributions were \$12,513. Year-end net assets for the plan were \$336,371.

GFOA CERTIFICATE OF ACHIEVEMENT

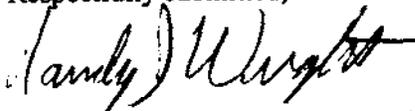
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Myrtle Beach, South Carolina for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2006. 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 2007.

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 Jones; and Administrative Assistant, Debra Brown, 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, 2006

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

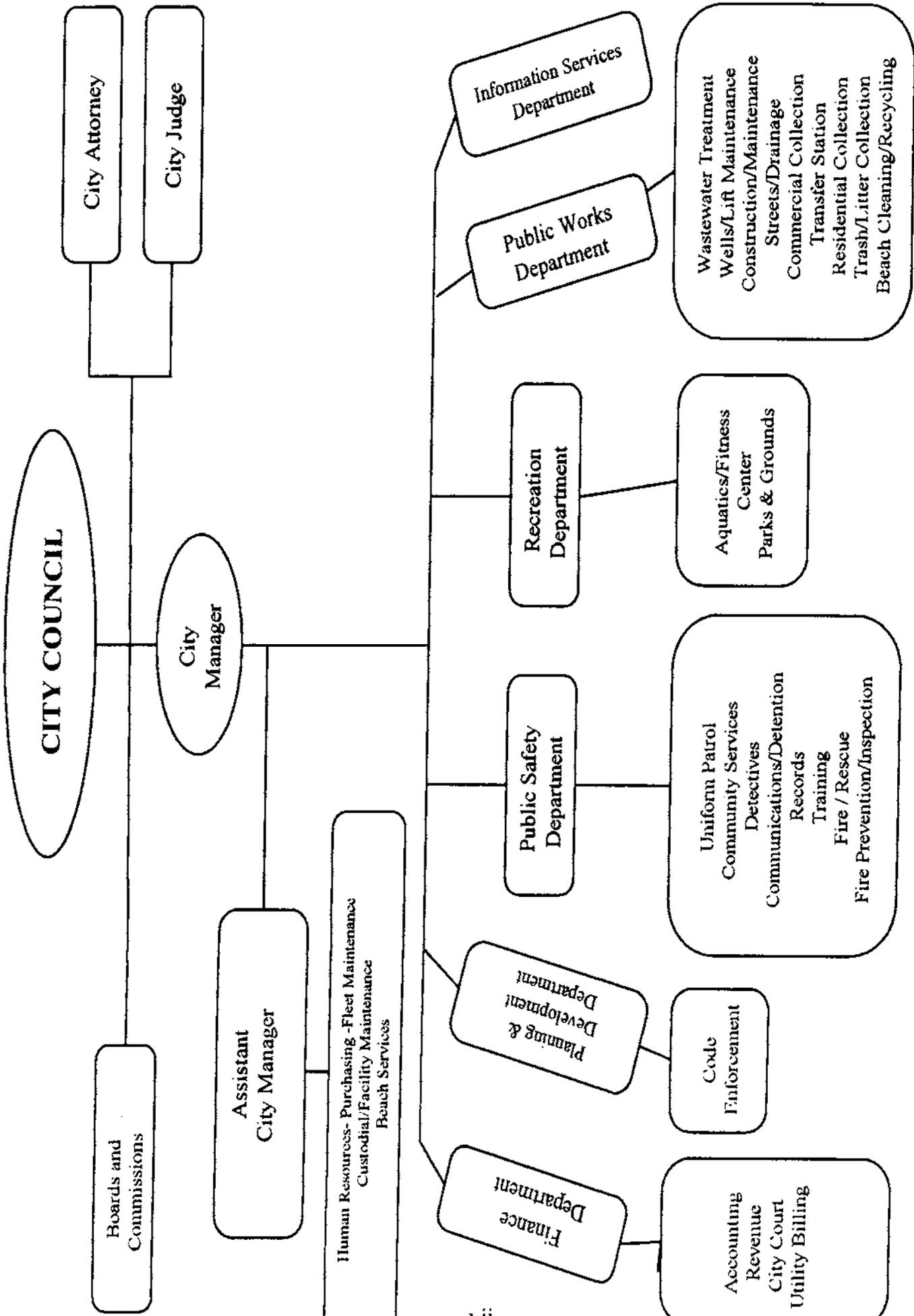
June 30, 2007

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 Hal Hoff

Appointed

City Manager John H. Smithson
Assistant City Manager Joel A. Davis
Finance Director Randy J. Wright
Information Services Director Patrick Wall, Jr.
Parks and Recreation Director Don E. Campbell, III
Planning and Development Director Douglas M. Maddock
City Engineer/Public Works Director Kevin D. Blayton
Public Safety Director William H. Bailey, Jr.



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REPORT OF INDEPENDENT AUDITOR

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

A Professional Association Of

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Myrtle Beach/Conway

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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, 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, 2007, 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, each major fund, and the aggregate remaining fund information of the City of North Myrtle Beach, South Carolina, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, 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 basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements 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 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.

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.

A handwritten signature in black ink, reading "Robert E. Wilcox, CPA, P.A.", written in a cursive style.

November 21, 2007
Columbia, South Carolina

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2007

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, 2007. 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, 2007 were \$197.2 million and exceeded total liabilities by \$157.4 million. Of the total net assets at June 30, 2007, \$19.6 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 increased by \$15.1 million for the year ended June 30, 2007. The Governmental activities contributed \$7.9 million and the Business-type activities contributed the remainder of the net change in net assets of \$7.2 million, which was funded almost entirely by capital contributions received during the year.

Additionally, the City established the Stormwater Special Revenue and Debt Service Funds to more appropriately report the stormwater service fees and related bond debt service expenditures. The City is also moving towards completion of its Aquatic Center.

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.

Government-Wide Financial Statements (Continued)

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).

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, 2007 (with comparative amounts of June 30, 2006) 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	
	2007	2006	2007	2006	2007	2006
Assets:						
Cash and cash equivalents:						
Unrestricted	\$ 6,054	\$ 12,231	\$ 4,363	\$ 3,426	\$ 10,417	\$ 15,657
Restricted	287	655	20,084	21,228	20,371	21,883
Other current assets	9,070	5,199	(400)	(283)	8,670	4,916
Capital assets, net of accumulated depreciation	64,228	56,668	76,065	70,115	140,293	126,783
Deferred charges, net of accumulated amortization	—	—	17,468	18,356	17,468	18,356
Total assets	\$ 79,639	\$ 74,753	\$ 117,580	\$ 112,842	\$ 197,219	\$ 187,595
Liabilities:						
Current liabilities	\$ 3,739	\$ 4,728	\$ 8,836	\$ 10,038	\$ 12,575	\$ 14,766
Long term liabilities	8,146	10,142	19,073	20,328	27,219	30,470
Total liabilities	11,885	14,870	27,909	30,366	39,794	45,236
Net assets:						
Net invested in capital assets	54,648	47,153	66,995	60,973	121,643	108,126
Restricted	296	1,063	15,902	14,531	16,198	15,594
Unrestricted	12,810	11,667	6,774	6,972	19,584	18,639
Total net assets	\$ 67,754	\$ 59,883	\$ 89,671	\$ 82,476	\$ 157,425	\$ 142,359

Governmental activities – For 2007, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$15.4 million, or 39% of the total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$64.2 million 41% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$3.7 million 30% of the respective total. Long-term (non-current) liabilities totaled \$8.1 million, or 30% of the respective total.

Business-type activities – For 2007, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$24.0 million, or 61% of the respective total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$93.5 million, or 59% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$8.8 million, or 70% of the respective total. Long-term (non-current) liabilities totaled \$19.1 million, or 70% 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, 2007 total assets exceeded total liabilities by \$157.4 million at the end of June 30, 2007 (or \$67.7 million for Governmental activities and \$89.7 million for Business-type activities.)

By far the largest portion (\$121.6 million, or 77%) of the City's 2007 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 2007 restricted net assets (totaling \$16.2 million or 10% of total net assets) consist of \$3 million in Governmental activities and \$15.9 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* (\$12.8 million Governmental activities and \$6.8 million Business-type activities, for a total of \$19.6 million, or 11% of total net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

Total net assets continue to grow due to significant investment from both governmental and business activities for land, infrastructure and machinery. Governmental activities expenditures included \$11.5 million in capital outlay which is 36.2% of all governmental expenditures. Capital outlay reduces the individual fund balances for governmental activities, but it adds to the overall net assets of the government. The increase in Unrestricted Net Assets is mainly due to a contribution of \$1.1 million in parks development fees from the North Beach Development Project.

The City's components of changes in net assets for FY 2007 and FY 2006 are illustrated in the following table (with amounts shown in thousands):

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue:						
Program Revenue:						
Charges for services	\$ 3,909	\$ 4,482	\$ 15,772	\$ 13,302	\$ 19,681	\$ 17,784
Operating grants and contributions	2,099	61	107	194	2,206	255
Capital grants and contributions	1,125	588	9,067	8,644	10,192	9,232
General revenue:						
Property taxes	8,569	7,440	—	—	8,569	7,440
State shared and other taxes	15,681	14,437	—	—	15,681	14,437
Investment earnings	894	677	1,124	929	2,018	1,606
Other	95	(65)	—	—	95	(65)
Total revenue	32,372	27,620	26,070	23,069	58,442	50,689
Expenses:						
General government	(34)	1,162	—	—	(34)	1,162
Finance	902	780	—	—	902	780
Public safety	10,011	9,363	—	—	10,011	9,363
Planning and development	1,473	1,465	—	—	1,473	1,465
Public works	4,117	1,815	—	—	4,117	1,815
Parks and recreation	2,765	2,595	—	—	2,765	2,595
Support services	624	571	—	—	624	571
Interest on general long-term debt	446	375	—	—	446	375
Depreciation (unallocated)	3,227	2,686	—	—	3,227	2,686
Water and Sewer Utility	—	—	13,337	12,478	13,337	12,478
Solid Waste	—	—	3,259	3,015	3,259	3,015
Aquatic Center	—	—	2,221	1,639	2,221	1,639
Beach Service	—	—	1,028	—	1,028	—
Total expenses	23,531	20,812	19,845	17,132	43,376	37,944
Increases in net assets before transfers	8,841	6,808	6,225	5,937	15,066	12,745
Transfers	(970)	(959)	970	959	—	—
Change in net assets	7,871	5,849	7,195	6,896	15,066	12,745
Net Assets - beginning of year	59,883	54,034	82,476	75,580	142,359	129,614
Net Assets - end of year	\$ 67,754	\$ 59,883	\$ 89,671	\$ 82,476	\$ 157,425	\$ 142,359

Government-Wide Financial Analysis (Continued)

Of total net assets at June 30, 2007, (and June 30, 2006 respectively), \$67.8 million (and \$59.9 million) represents net assets of the City's Governmental activities, and \$89.7 million (and \$82.4 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, both for the Governmental and Business-type activities.

General Fund Fund Balance for year end 2007 decreased by \$1,670,667. This decrease is due to the purchase of two large tracts of property for future expansion of city services and programs. The Mayor and Council have approved the expansion of City's property around the current municipal facilities located on 2nd Avenue South. This expansion will include a variety of buildings and recreational facilities around the current municipal complex on a long term basis.

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 chart summarizes that data.

(amounts shown in thousands)

	Expenses	Program Revenue	Net Expenses	% Funded by Program Revenue	% Required to Funded by General Revenue
General Govt.	\$ 34	\$ 143	\$ 177	100%	—
Finance	(902)	—	(902)	—	100%
Public Safety	(10,011)	1,076	(8,935)	11%	9%
Planning and development	(1,473)	—	(1,473)	—	100%
Public Works	(4,117)	5,846	1,729	100%	—
Parks and Recreation	(2,765)	68	(2,697)	2%	98%
Support Services	(624)	—	(624)	—	100%
Debt service interest	(446)	—	(446)	—	100%
Depreciation unallocated	(3,227)	—	(3,227)	—	100%
Totals	\$ (23,531)	\$ 7,133	\$ (16,398)	30%	70%

The City does not allocate its depreciation to the City's functions, and thus the expense is shown as a single line item in the Statement of Activities.

General Revenues by Source – Governmental Activities

Property taxes	\$ 8,569,450
Accommodations/hospitality taxes	6,670,715
State shared taxes - unrestricted	820,197
Licenses and franchise taxes	8,190,225
Investment earnings	893,930
Other revenues	95,149
Total general revenue before transfers	\$ 25,239,666

General Fund Budgetary Highlights

The General Fund final budgeted revenues of \$17.5 million and achieved revenues of \$20.8 million or \$3.3 million over budget. Expenditures budgeted for the General Fund were \$25.6 million with actual expenditures of \$25.2 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 \$8.1 million, with the actual deficiency equaling \$4.4 million.

Government-Wide Financial Analysis (Continued)

General Fund Budgetary Highlights (continued)

The General Fund's budget also included net transfers to/from other funds netting to \$3.6 million, but actual transfers to/from other funds netted \$2.7 million which resulted in an actual net change in fund balance of \$1.7 million.

Expenses and Program Revenues – Business-type Activities

The City operates three 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 \$1,778,222 for the year ended June 30, 2007. However, the Utility was able to achieve an increase on overall net assets for the same time period of \$7.8 million primarily due to recognizing capital contributions of \$9.1 million as non-operating revenue.

The City's Solid Waste Enterprise Fund incurred a net operating loss of \$107,417 for the year ended June 30, 2007. After a transfer from the Accommodations Tax Fund of \$166,154, change net assets increased by the amount of \$72,850.

The City's Aquatic Center Enterprise Fund incurred a net operating loss of \$678,338. After recognizing \$220,352 in net non-operating loss and a \$804,560 transfer from the Hospitality Tax Fund, the change in net assets of the Aquatic Center totaled a deficit of \$94,130 and resulted in an ending net assets balance of \$1,270,206.

The City's Beach Service Enterprise Fund incurred a net operating loss of \$661,610. After recognizing \$13,000 in net non-operating revenue, the change in net assets of the Beach Service totaled a deficit of \$648,610 and resulted in an ending deficit net assets balance of \$648,610.

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, 2007, amounts to \$140.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and roads.

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 \$29.8 million. Of this amount, \$4.2 million comprises debt backed by the full faith and credit of the governments, \$5.3 million backed by certain governmental fees and taxes associated with Stormwater, and \$20.3 million is enterprise revenue backed bond debt, contract and note payables.

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, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,732,839	\$ 3,322,407	\$ 8,055,246
Equity in pooled cash and cash equivalents	1,321,629	1,040,643	2,362,272
Receivables, net	1,573,405	2,024,486	3,597,891
Due from other governments	4,029,155	—	4,029,155
Internal balances, net	3,227,288	(3,227,288)	—
Inventories and prepaid items	239,451	354,971	594,422
Restricted assets:			
Cash and cash equivalents	91,317	9,124,585	9,215,902
Equity in pooled cash and cash equivalents	195,974	10,959,354	11,155,328
Deposits with other governments	—	447,859	447,859
Total current assets	<u>15,411,058</u>	<u>24,047,017</u>	<u>39,458,075</u>
Non-currents assets:			
Capital assets, net of depreciation	55,983,319	74,545,924	130,529,243
Capital assets not subject to depreciation	8,244,894	1,518,617	9,763,511
Deferred charges, net	—	17,468,170	17,468,170
Total non-current assets	<u>64,228,213</u>	<u>93,532,711</u>	<u>157,760,924</u>
Total Assets	<u>\$ 79,639,271</u>	<u>\$ 117,579,728</u>	<u>\$ 197,218,999</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 904,084	\$ 1,128,754	\$ 2,032,838
Accrued payroll and related taxes	262,396	179,114	441,510
Accrued compensated absences – current portion	90,880	251,828	342,708
Construction and retainage payables	39,813	—	39,813
Insurance claims payable	117,807	98,876	216,683
Accrued interest payable	60,516	161,201	221,717
Bonds, contracts and notes payable – current portion	2,027,280	1,020,769	3,048,049
Deferred revenue	—	257,572	257,572
Liabilities payable from restricted assets	235,741	5,737,866	5,973,607
Total current liabilities	<u>3,738,517</u>	<u>8,835,980</u>	<u>12,574,497</u>
Long-term (non-current) liabilities:			
General obligation bonds payable	1,895,000	—	1,895,000
Revenue bonds payable	4,386,445	255,000	4,641,445
Capital lease payable	1,231,026	—	1,231,026
Accrued compensated absences	633,703	—	633,703
Contracts payable	—	11,433,333	11,433,333
Note payable	—	7,384,470	7,384,470
Total long-term liabilities	<u>8,146,174</u>	<u>19,072,803</u>	<u>27,218,977</u>
Total liabilities	<u>11,884,691</u>	<u>27,908,783</u>	<u>39,793,474</u>
Net assets:			
Invested in capital assets, net of related debt	54,648,649	66,994,082	121,642,731
Restricted for :			
Public safety	141,815	—	141,815
Shore protection	153,754	—	153,754
Debt service	—	775,810	775,810
Future capacity	—	15,126,675	15,126,675
Unrestricted	12,810,362	6,774,378	19,584,740
Total net assets	<u>67,754,580</u>	<u>89,670,945</u>	<u>157,425,525</u>
Total Liabilities and Net Assets	<u>\$ 79,639,271</u>	<u>\$ 117,579,728</u>	<u>\$ 197,218,999</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

Functions and Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 3,908,916	\$ 8,129	\$ 135,459	\$ —	\$ 177,599	\$ —	\$ 177,599
Finance	(901,788)	—	—	—	(901,788)	—	(901,788)
Public safety	(10,011,477)	1,075,873	—	—	(8,935,604)	—	(8,935,604)
Planning and development	(1,473,242)	—	—	—	(1,473,242)	—	(1,473,242)
Public works	(4,116,534)	2,756,905	1,963,671	1,125,000	1,729,042	—	1,729,042
Parks and recreation	(2,764,956)	68,009	—	—	(2,696,947)	—	(2,696,947)
Support services	(624,342)	—	—	—	(624,342)	—	(624,342)
Debt service - interest	(445,674)	—	—	—	(445,674)	—	(445,674)
Depreciation (unallocated)	(3,226,639)	—	—	—	(3,226,639)	—	(3,226,639)
Total governmental activities	(23,530,641)	3,908,916	2,099,130	1,125,000	(16,397,595)	—	(16,397,595)
Business-type Activities:							
Water and sewer utility	(13,337,790)	11,029,828	17,500	9,066,557	—	6,776,095	6,776,095
Solid waste	(3,259,451)	3,152,034	4,084	—	—	(103,333)	(103,333)
Aquatic center	(2,220,718)	1,224,121	72,799	—	—	(923,798)	(923,798)
Beach service	(1,028,145)	366,535	13,000	—	—	(648,610)	(648,610)
Total business-type activities	(19,846,104)	15,772,518	107,383	9,066,557	—	5,100,354	5,100,354
Total functions and programs	\$ (43,376,745)	\$ 19,681,434	\$ 2,206,513	\$ 10,191,557	(16,397,595)	5,100,354	(11,297,241)
General Revenue and Transfers:							
General Revenue:							
Property taxes					8,569,450	—	8,569,450
Accommodations and hospitality taxes					6,670,715	—	6,670,715
State shared taxes - unrestricted					820,197	—	820,197
Business licenses and franchise taxes					8,190,225	—	8,190,225
Unrestricted investment earnings					893,930	1,124,033	2,017,963
Miscellaneous					95,149	—	95,149
Transfers:							
Transfers in/(out)					(970,714)	970,714	—
Total general revenue and transfers					24,268,952	2,094,747	26,363,699
Changes in net assets					7,871,357	7,195,101	15,066,458
Net Assets -- beginning of year					59,883,223	82,475,844	142,359,067
Net Assets -- end of year					\$ 67,754,580	\$ 89,670,945	\$ 157,425,525

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,706,491	\$ 26,348	\$ 4,732,839
Equity in pooled cash and cash equivalents	—	1,321,629	1,321,629
Receivables, net	767,254	722,696	1,489,950
Due from other funds	7,392,742	35,323	7,428,065
Due from other governments	—	4,029,155	4,029,155
Inventories and prepaid items	239,451	—	239,451
Restricted assets:			
Cash and cash equivalents	91,317	—	91,317
Equity in pooled cash and cash equivalents	195,974	—	195,974
Total assets	\$ 13,393,229	\$ 6,135,151	\$ 19,528,380
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 535,919	\$ 368,165	\$ 904,084
Accrued payroll and related taxes	262,396	—	262,396
Accrued compensated absences	90,880	—	90,880
Medical claims payable	117,807	—	117,807
Due to other funds	639,646	3,561,131	4,200,777
Retainage payable	—	39,813	39,813
Payable from restricted assets	235,741	—	235,741
Total liabilities	1,882,389	3,969,109	5,851,498
Fund balances:			
Reserved for:			
Inventories and prepaid items	239,451	—	239,451
Victims assistance	75,265	—	75,265
Drug enforcement	66,550	—	66,550
Shore Protection Project	—	153,754	153,754
J. Causey Memorial	2,295	—	2,295
Unreserved/designated for:			
Contingencies	250,000	—	250,000
Area emergency recovery	142,500	—	142,500
Unreserved/undesignated reported in:			
General Fund	10,734,779	—	10,734,779
Special Revenue Funds	—	700,841	700,841
Capital Projects Funds	—	1,311,447	1,311,447
Total fund balances	11,510,840	2,166,042	13,676,882
Total liabilities and fund balances	\$ 13,393,229	\$ 6,135,151	
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.			64,228,213
Other assets not available to paid for current period expenditures.			83,455
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.			(10,233,970)
Net Assets, end of year - Governmental Activities			\$ 67,754,580

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, 2007

Revenue	General Fund	Other Governmental Funds	Total Governmental Funds
Property taxes:			
Current property taxes	\$ 8,312,388	\$ —	\$ 8,312,388
Delinquent property taxes	173,607	—	173,607
Licenses and permits	9,208,744	—	9,208,744
Fines and forfeitures	946,703	—	946,703
Use of money and property	681,250	212,680	893,930
Unrestricted intergovernmental	970,104	—	970,104
Restricted intergovernmental	135,459	8,484,479	8,619,938
Sales and service charges	355,489	1,631,302	1,986,791
Miscellaneous	52,052	1,125,000	1,177,052
Total revenue	20,835,796	11,453,461	32,289,257
Expenditures			
Current:			
General government administration	(66,549)	—	(66,549)
Finance	901,788	—	901,788
Public safety	10,011,477	—	10,011,477
Planning/development	1,473,242	—	1,473,242
Public works	1,493,627	5,530,294	7,023,921
Parks and recreation	1,599,616	1,165,340	2,764,956
Support services	624,342	—	624,342
Debt service	1,271,309	1,140,000	2,411,309
Capital outlay	7,879,003	—	7,879,003
Total expenditures	25,187,855	7,835,634	33,023,489
Excess (deficiency) of revenue over (under) expenditures	(4,352,059)	3,617,827	(734,232)
Other Financing Sources (Uses)			
Capital lease obligation	—	—	—
Transfers in	4,465,392	2,924,000	7,389,392
Transfers (out)	(1,784,000)	(6,576,106)	(8,360,106)
Total other financing sources (uses)	2,681,392	(3,652,106)	(970,714)
Net change in fund balances	(1,670,667)	(34,279)	(1,704,946)
Fund balances, beginning of year	13,181,507	2,200,321	15,381,828
Fund balances, end of year	\$ 11,510,840	\$ 2,166,042	\$ 13,676,882

— 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	\$ (1,704,946)
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.	7,559,751
Revenues in the Statement of Activities that do not provide current financial resources are reported as revenues in these funds.	83,455
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.	(17,351)
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>1,950,448</u>
Change in net assets - governmental activities	<u>\$ 7,871,357</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET
PROPRIETARY FUNDS

JUNE 30, 2007

	Business-type Activities - Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,772,550	\$ —	\$ 541,857	\$ 8,000	\$ 3,322,407
Equity in pooled cash and cash equivalents	1,040,643	—	—	—	1,040,643
Receivables, net	1,917,675	95,293	7,453	4,065	2,024,486
Inventories	339,029	—	—	15,942	354,971
Due from other funds	604,323	—	151,158	—	755,481
Restricted assets:					
Cash and cash equivalents	9,124,585	—	—	—	9,124,585
Equity in pooled cash and cash equivalents	10,959,354	—	—	—	10,959,354
Deposits with other governments	447,859	—	—	—	447,859
Total current assets	27,206,018	95,293	700,468	28,007	28,029,786
Non-current assets:					
Capital assets, not subject to depreciation	1,518,617	—	—	—	1,518,617
Capital assets, subject to depreciation	62,123,159	1,299,622	9,779,976	1,343,167	74,545,924
Total capital assets, net	63,641,776	1,299,622	9,779,976	1,343,167	76,064,541
Deferred charges, net	17,411,475	—	56,695	—	17,468,170
Total non-current assets	81,053,251	1,299,622	9,836,671	1,343,167	93,532,711
Total assets	\$ 108,259,269	\$ 1,394,915	\$ 10,537,139	\$ 1,371,174	\$ 121,562,497
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 748,459	\$ 182,204	\$ 28,281	\$ 169,810	1,128,754
Accrued payroll and related taxes	47,896	28,795	14,067	88,356	179,114
Accrued compensated absences	137,719	95,403	16,787	1,919	251,828
Insurance claims payable, net	79,772	12,736	4,776	1,592	98,876
Due to other funds	—	1,144,110	1,080,552	1,758,107	3,982,769
Accrued interest payable	3,209	—	157,992	—	161,201
Contracts and note payable - current portion	698,333	—	322,436	—	1,020,769
Deferred revenue	—	—	257,572	—	257,572
Liabilities payable from restricted assets	5,737,866	—	—	—	5,737,866
Total current liabilities	7,453,254	1,463,248	1,882,463	2,019,784	12,818,749
Long-term (non-current) liabilities:					
Revenue bonds payable	255,000	—	—	—	255,000
Contracts payable	11,433,333	—	—	—	11,433,333
Note payable	—	—	7,384,470	—	7,384,470
Total long-term liabilities	11,688,333	—	7,384,470	—	19,072,803
Total liabilities	19,141,587	1,463,248	9,266,933	2,019,784	31,891,552
Net assets:					
Invested in capital assets, net of related debt	62,278,223	1,299,622	2,073,070	1,343,167	66,994,082
Restricted for debt, capacity, and deposits (see Note 10)	15,902,485	—	—	—	15,902,485
Unrestricted (deficit)	10,936,974	(1,367,955)	(802,864)	(1,991,777)	6,774,378
Total net assets	89,117,682	(68,333)	1,270,206	(648,610)	89,670,945
Total liabilities and net assets	\$ 108,259,269	\$ 1,394,915	\$ 10,537,139	\$ 1,371,174	\$ 121,562,497

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, 2007

	Business-type Activities – Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
Operating Revenue					
Sales and service charges	\$ 10,841,915	\$ 3,152,034	\$ 1,216,611	\$ 366,535	\$ 15,577,095
Total operating revenue	10,841,915	3,152,034	1,216,611	366,535	15,577,095
Operating Expenses					
General government administration	1,066,843	228,746	130,300	—	1,425,889
Finance	404,057	32,209	21,472	—	457,738
Public safety	54,397	—	—	—	54,397
Planning/development	37,068	—	—	—	37,068
Public works	7,242,405	2,595,013	—	—	9,837,418
Parks and recreation	—	—	1,341,651	908,062	2,249,713
Support services	401,023	103,959	32,944	—	537,926
Depreciation and amortization	3,414,344	299,524	368,582	120,083	4,202,533
Total operating expenses	12,620,137	3,259,451	1,894,949	1,028,145	18,802,682
Operating income (loss)	(1,778,222)	(107,417)	(678,338)	(661,610)	(3,225,587)
Non-Operating Revenue (Expenses)					
Interest earned on investments	1,088,896	10,029	25,108	—	1,124,033
Interest expense	(708,977)	—	(322,333)	—	(1,031,310)
Amortization of debt issuance costs	(5,210)	—	(3,436)	—	(8,646)
Bond agent fees	(3,466)	—	—	—	(3,466)
Restricted intergovernmental	17,500	4,084	28,825	—	50,409
Donation/fundraisers	—	—	43,974	13,000	56,974
Total non-operating revenue (expenses)	576,656	14,113	(220,352)	13,000	383,417
Income (loss) before contributions and transfers	(1,201,566)	(93,304)	(898,690)	(648,610)	(2,842,170)
Capital Contributions	9,066,557	—	—	—	9,066,557
Transfers – in (out)	—	166,154	804,560	—	970,714
Change in net assets	7,864,991	72,850	(94,130)	(648,610)	7,195,101
Net assets, beginning of year	81,252,691	(141,183)	1,364,336	—	82,475,844
Net assets, end of year	\$ 89,117,682	\$ (68,333)	\$ 1,270,206	\$ (648,610)	\$ 89,670,945

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2007

	Business-type Activities – Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
Cash flows from operating activities					
Cash received from:					
User fees	\$ 10,287,182	\$ 3,134,669	\$ —	\$ —	\$ 13,421,851
Tap fees	220,347	—	—	—	220,347
Service and miscellaneous charges	406,659	18,502	1,235,571	366,535	2,027,267
Cash paid to (for):					
Employee salaries and related costs	(2,861,132)	(1,456,533)	(850,186)	(356,308)	(5,524,159)
Water and sewer system costs	(4,137,380)	—	—	—	(4,137,380)
Collection services	—	(955,302)	—	—	(955,302)
Aquatic Center operations	—	—	(487,896)	—	(487,896)
Beach Service operations	—	—	—	(310,084)	(310,084)
Other supplies and miscellaneous costs	(2,162,849)	(396,398)	(198,391)	—	(2,757,638)
Net cash provided by (used in) operating activities	1,752,827	344,938	(300,902)	(299,857)	1,497,006
Cash flows from non-capital and related financing activities					
Interfund borrowing/payments	(1,289,970)	113,026	(75,229)	1,758,107	505,934
Decrease of deposits held with other governments	(51,037)	—	—	—	(51,037)
Intergovernmental grants	17,500	4,084	28,825	—	50,409
Local accommodation/hospitality taxes	—	166,154	804,560	—	970,714
Donations/fundraisers	—	—	43,974	13,000	56,974
Net cash provided by non-capital and related financing activities	(1,323,507)	283,264	802,130	1,771,107	1,532,994
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(2,894,399)	(638,231)	—	(1,463,250)	(4,995,880)
Principal paid on bonds and contracts	(893,334)	—	(309,736)	—	(1,203,070)
Interest and bond agent fees on long-term debt	(713,983)	—	(328,682)	—	(1,042,665)
Capital contributions – impact fee and other cash contributions	2,998,769	—	—	—	2,998,769
Net cash provided by (used in) capital and related financing activities	(1,502,947)	(638,231)	(638,418)	(1,463,250)	(4,242,846)

— 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	
Cash flows from investing activities					
Interest received on investments	1,088,896	10,029	25,108	—	1,124,033
Net cash provided by investing activities	1,088,896	10,029	25,108	—	1,124,033
Net increase (decrease) in cash and cash equivalents	15,269	—	(112,082)	8,000	(88,813)
Cash and cash equivalents, beginning of year (of which \$21,109,900 is restricted)	23,881,863	—	653,939	—	24,535,802
Cash and cash equivalents, end of year (of which \$20,083,939 is restricted)	<u>\$ 23,897,132</u>	<u>\$ —</u>	<u>\$ 541,857</u>	<u>\$ 8000</u>	<u>\$ 24,446,989</u>
Reconciliation of operating income (loss) to net cash from operating activities					
Operating income (loss)	\$ (1,778,222)	\$ (107,417)	\$ (678,338)	\$ (661,610)	\$ (3,225,587)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Tower rental and other	187,913	—	7,510	—	195,423
Depreciation and amortization	3,414,344	299,524	368,582	120,083	4,202,533
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(201,617)	1,137	(6,409)	(4,065)	(210,954)
Increase (decrease) in accounts and other payables	10,793	118,596	(13,675)	169,810	285,524
(Increase) decrease in inventory	7,694	—	—	(15,942)	(8,248)
Increase (decrease) in accrued liabilities	25,945	33,098	3,569	91,867	154,479
Increase (decrease) in deferred revenue	85,977	—	17,859	—	103,836
Net cash provided by (used in) operating activities	<u>\$ 1,752,827</u>	<u>\$ 344,938</u>	<u>\$ (300,902)</u>	<u>\$ (299,857)</u>	<u>\$ 1,497,006</u>
Supplemental disclosure of non-cash capital and related financing activities					
System contributions by developers	\$ 3,635,207	\$ —	\$ —	\$ —	\$ 3,635,207
Amortization of bond issue costs and cost of purchased water capacity	\$ 884,381	\$ —	\$ 3,436	\$ —	\$ 887,817

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2007

	Business-type Activities – Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
Cash flows from operating activities					
Cash received from:					
User fees	\$ 10,287,182	\$ 3,134,669	\$ —	\$ —	\$ 13,421,851
Tap fees	220,347	—	—	—	220,347
Service and miscellaneous charges	406,659	18,502	1,235,571	366,535	2,027,267
Cash paid to (for):					
Employee salaries and related costs	(2,861,132)	(1,456,533)	(850,186)	(356,308)	(5,524,159)
Water and sewer system costs	(4,137,380)	—	—	—	(4,137,380)
Collection services	—	(955,302)	—	—	(955,302)
Aquatic Center operations	—	—	(487,896)	—	(487,896)
Beach Service operations	—	—	—	(310,084)	(310,084)
Other supplies and miscellaneous costs	(2,162,849)	(396,398)	(198,391)	—	(2,757,638)
Net cash provided by (used in) operating activities	1,752,827	344,938	(300,902)	(299,857)	1,497,006
Cash flows from non-capital and related financing activities					
Interfund borrowing/payments	(1,289,970)	113,026	(75,229)	1,758,107	505,934
Decrease of deposits held with other governments	(51,037)	—	—	—	(51,037)
Intergovernmental grants	17,500	4,084	28,825	—	50,409
Local accommodation/hospitality taxes	—	166,154	804,560	—	970,714
Donations/fundraisers	—	—	43,974	13,000	56,974
Net cash provided by non-capital and related financing activities	(1,323,507)	283,264	802,130	1,771,107	1,532,994
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(2,894,399)	(638,231)	—	(1,463,250)	(4,995,880)
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Capital contributions – impact fee and other cash contributions	2,998,769	—	—	—	2,998,769
Net cash provided by (used in) capital and related financing activities	(1,502,947)	(638,231)	(638,418)	(1,463,250)	(4,242,846)

— 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	
Cash flows from investing activities					
Interest received on investments	1,088,896	10,029	25,108	—	1,124,033
Net cash provided by investing activities	1,088,896	10,029	25,108	—	1,124,033
Net increase (decrease) in cash and cash equivalents	15,269	—	(112,082)	8,000	(88,813)
Cash and cash equivalents, beginning of year (of which \$21,109,900 is restricted)	23,881,863	—	653,939	—	24,535,802
Cash and cash equivalents, end of year (of which \$20,083,939 is restricted)	<u>\$ 23,897,132</u>	<u>\$ —</u>	<u>\$ 541,857</u>	<u>\$ 8000</u>	<u>\$ 24,446,989</u>
Reconciliation of operating income (loss) to net cash from operating activities					
Operating income (loss)	\$ (1,778,222)	\$ (107,417)	\$ (678,338)	\$ (661,610)	\$ (3,225,587)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Tower rental and other	187,913	—	7,510	—	195,423
Depreciation and amortization	3,414,344	299,524	368,582	120,083	4,202,533
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(201,617)	1,137	(6,409)	(4,065)	(210,954)
Increase (decrease) in accounts and other payables	10,793	118,596	(13,675)	169,810	285,524
(Increase) decrease in inventory	7,694	—	—	(15,942)	(8,248)
Increase (decrease) in accrued liabilities	25,945	33,098	3,569	91,867	154,479
Increase (decrease) in deferred revenue	85,977	—	17,859	—	103,836
Net cash provided by (used in) operating activities	<u>\$ 1,752,827</u>	<u>\$ 344,938</u>	<u>\$ (300,902)</u>	<u>\$ (299,857)</u>	<u>\$ 1,497,006</u>
Supplemental disclosure of non-cash capital and related financing activities					
System contributions by developers	<u>\$ 3,635,207</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,635,207</u>
Amortization of bond issue costs and cost of purchased water capacity	<u>\$ 884,381</u>	<u>\$ —</u>	<u>\$ 3,436</u>	<u>\$ —</u>	<u>\$ 887,817</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS
FUDUCIARY FUNDS

JUNE 30, 2007

	<u>Pension Trust Funds</u>	<u>Agency Fund Firemen's Fund</u>
Assets		
Cash and cash equivalents	\$ —	\$ 29,966
Cash and temporary investments	12,354,868	—
Receivables - Participant loans	576,670	—
Total assets	<u>\$ 12,931,538</u>	<u>\$ 29,966</u>
Liabilities		
Due to Firemen's Association	\$ —	\$ 29,966
Total liabilities	<u>—</u>	<u>\$ 29,966</u>
Net Assets		
Held in trust for employee's pension benefits	<u>\$ 12,931,538</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, 2007

	Pension Trust Funds
Additions	
Employer contributions	\$ 691,736
Employee (member) contributions	182,657
Investment income	1,509,292
Non-vested rollover	23,672
Total additions	2,407,357
Deductions	
Benefit payments and loan issuance costs	428,152
Trustee fees	3,666
Forfeitures	77,538
Total deductions	509,356
Change in net assets	1,898,001
Net assets, beginning of year	11,033,537
Net assets, end of year	\$ 12,931,538

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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.

The City has compiled with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as amended. GASB Statement No. 34 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.

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. At June 30, 2007, there were no material component units of the City.

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.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

B. Basis of Presentation (Continued)

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 fund: General Fund. The City reports the following 'major' proprietary funds: Water and sewer Utility Fund, Solid Waste Fund and Aquatic Center 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 and Beach Renourishment 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, 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 and agency 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 Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of 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 and certain claims and judgment liabilities, 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 (mileage) 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, the Capital Projects Funds and the 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.

Budgeted amounts presented in the financial statements are as originally adopted, or as amended by City Council as of June 30, 2007.

Budget Deficits and Fund Balances

For the year ended June 30, 2007, 'final' budgeted expenditures exceeded estimated revenues of the General Fund by \$4,508,450. Additionally, budgeted expenditures exceeded estimated revenues of the City's Accommodations (2%) Tax Fund by \$223,201; Stormwater Special Revenue Fund by \$1,470,000; and Beach Renourishment Fund by \$1,908,000. 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 budgets totaling over \$13.5 million, \$3.8 million, \$2.2 million and \$1.4 million, respectively.

At June 30, 2007, deficit fund balances resulted in the following: Solid Waste Enterprise Fund by \$68,333 and Beach Service Enterprise Fund by \$648,610. These deficits are 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 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.

Indirect Cost Allocations

The City records interdepartmental cost allocations designed to redistribute General Fund operating expenditures to other Governmental and Proprietary Fund Types. These allocations are based upon cost allocation plans prepared by the City's Finance Department.

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.

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)

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.

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, 2007, there were no material capitalized interest costs incurred.

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 when incurred and reported as a current and long-term liability. In the Governmental Funds, General Fund, Enterprise Fund – Water and Sewer Utility Fund, Solid Waste Fund, Aquatic Center Fund and Beach Service Fund, vacation pay that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability.

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 INVENTORY AND PREPAID ITEMS - To indicate that an amount equal to the inventory and prepaid items balances at year end is not available for appropriation or expenditure in the General Fund.

RESERVED FOR VICTIM'S ASSISTANCE-To indicate the balance at year end from the Victims' Assistance program required by 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 PROJECT - 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 licensees).

The City has imposed a one-half (1/2%) percent local accommodations and hospitality tax, which purpose is 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 mileage 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. 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, 2007, the carrying amount of the City's cash deposits with financial institutions was \$381,474 and the financial institution's balances totaled \$887,321. Of this balance, \$347,631 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, 2007, 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, 2007, the City had the following investment types:

	Fair Value	Weight Average Maturity (years)	Credit Rating
Repurchase agreements	\$ 3,849,033	0.002	n/a
Certificates of deposit	10,000,000	0.02	n/a
Money Market funds	3,922,119	n/a	Aa1
Bond funds	330,512	6-9	AAA
Other mutual funds	8,149,404	n/a	n/a
State of South Carolina Treasurer's Investment Pool	16,530,565	0.5	Unrated
Total fair value	<u>\$ 42,781,633</u>		

At June 30, 2007, 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 9%, 23%, 29% and 39% 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, 2007 are as follows:

Cash on hand	\$ 10,475
Carrying amount of cash deposits	381,474
Carrying amount of investments	<u>42,781,633</u>
Total	<u>\$ 43,173,582</u>
Government-wide Statement of Net Assets:	
Cash and cash equivalents	\$ 8,055,246
Equity in pooled cash and cash equivalents	2,362,272
Cash and cash equivalents-restricted	9,215,902
Equity in pooled cash and cash equivalents-restricted	11,155,328
Statement of Fiduciary Net Assets:	
Cash and cash equivalents – Agency Fund	29,966
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	12,018,497
Money Purchase Retirement Plan #2	<u>336,371</u>
Total	<u>\$ 43,173,582</u>

3. Receivables

Receivables at June 30, 2007, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 521,039	\$ —
Franchise fees	439,567	—
Solid waste user fees	—	92,705
Stormwater fees	44,164	—
Hospitality fees	713,855	—
Water and sewer accounts	—	1,401,700
Define Benefit Pension Trust Fund (terminated plan)	194,259	—
Other	(804)	532,656
Gross receivables	<u>1,912,080</u>	<u>2,027,061</u>
Less: allowance for uncollectibles	<u>(338,675)</u>	<u>(2,575)</u>
Net total receivables	<u>\$ 1,573,405</u>	<u>\$ 2,024,486</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

4. Due To/From Other Funds

In the Governmental and Proprietary Fund financial statements, short-term interfund receivables and payables at June 30, 2007, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 7,392,742	\$ 639,646
Special Revenue Fund:		
Accommodations Tax	35,323	—
Local Accommodations Tax Fund	—	453,573
Hospitality Fees Fund	—	224,959
Capital Projects Funds:		
Capital Improvement Fund	—	715,976
Street Improvements Fund	—	444,377
Beach Renourishment Fund	—	1,722,246
Enterprise Fund:		
Water and Sewer Utility Fund	604,323	—
Solid Waste Enterprise Fund	—	1,144,110
Aquatic Center Fund	151,158	1,080,552
Beach Service Fund	—	1,758,107
	<u>\$ 8,183,546</u>	<u>\$ 8,183,546</u>

Net internal balances between Governmental and Business-type activities equaled \$3,227,288, and resulted from short-term loans between individual funds. Transfers of monies in/out of Governmental and Business-type activities equaled \$970,714 and resulted in budgeted amounts being moved between the funds.

5. Due To/From Other Governments

The amounts due from other governmental agencies include the following:

	<u>Governmental Activities</u>
<u>Due from other governments:</u>	
Special Revenue Fund:	
Accommodations Tax Fund	\$ 671,135
Capital Projects Funds	
Street Improvements Fund	1,482,020
Beach Renourishment Fund	1,876,000
	<u>\$ 4,029,155</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, 2007, are as follows:

Governmental Activities:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>Capital assets not being depreciated:</u>					
Land	\$ 4,017,607	\$ 3,957,432	\$ —	\$ —	\$ 7,975,039
Construction in progress	6,178,989	1,219,294	—	(7,128,428)	269,855
Total capital assets not being depreciated	10,196,596	5,176,726	—	(7,128,428)	8,244,894
<u>Capital assets being depreciated:</u>					
Buildings	16,320,847	—	—	284,765	16,605,612
Improvements	3,469,278	487,427	—	—	3,956,705
Machinery and equipment	11,232,956	1,521,725	(7,720)	—	12,746,961
Infrastructure	34,484,091	3,600,512	—	6,843,663	44,928,266
Total capital assets being depreciated	65,507,172	5,609,664	(7,720)	7,128,428	78,237,544
<u>Less, accumulated depreciation for:</u>					
Buildings	(4,339,771)	(463,171)	—	—	(4,802,942)
Improvements	(1,515,653)	(186,730)	—	—	(1,702,383)
Machinery and equipment	(6,390,422)	(1,107,600)	7,720	—	(7,490,302)
Infrastructure	(6,789,460)	(1,469,138)	—	—	(8,258,598)
Total accumulated depreciation	(19,035,306)	(3,226,639)	7,720	—	(22,254,225)
Total capital assets being depreciated, net	46,471,866	2,383,025	—	7,128,428	55,983,319
Net capital assets - Governmental Activities	<u>\$ 56,668,462</u>	<u>\$ 7,559,751</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 64,228,213</u>

For the year ended June 30, 2007, depreciation expenses were charged to Governmental Activities (but was not allocated to its functions) totaling \$3,226,639.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

Business-type Activities:

	Balance June 30, 2006	Additions	Retirements	Transfers	Balance June 30, 2007
<u>Capital assets not being depreciated:</u>					
Land	\$ 227,014	\$ —	\$ —	\$ —	\$ 227,014
Construction in progress	3,045,843	1,605,738	—	(3,359,978)	1,291,603
Total capital assets not being depreciated	<u>3,272,857</u>	<u>1,605,738</u>	<u>—</u>	<u>(3,359,978)</u>	<u>1,518,617</u>
<u>Capital assets being depreciated:</u>					
Buildings	10,682,296	349,890	—	—	11,032,186
Water and Sewer Systems	73,780,438	5,170,341	—	3,359,978	82,310,757
Improvements	23,281	—	—	—	23,281
Machinery and equipment	8,352,412	2,147,061	(582,466)	—	9,917,007
Total capital assets being depreciated	<u>92,838,427</u>	<u>7,667,292</u>	<u>(582,466)</u>	<u>3,359,978</u>	<u>103,283,231</u>
<u>Less, accumulated depreciation:</u>					
Buildings	(479,490)	(274,378)	—	—	(753,868)
Water and Sewer Systems	(20,074,702)	(2,132,633)	—	—	(22,207,335)
Improvements	(19,585)	(662)	—	—	(20,247)
Machinery and equipment	(5,422,633)	(915,690)	582,466	—	(5,755,857)
Total accumulated depreciation	<u>(25,996,410)</u>	<u>(3,323,363)</u>	<u>582,466</u>	<u>—</u>	<u>(28,737,307)</u>
Total capital assets being depreciated, net	<u>66,842,017</u>	<u>4,343,929</u>	<u>—</u>	<u>3,359,978</u>	<u>74,545,924</u>
Net capital assets – Business-type Activities	<u>\$ 70,114,874</u>	<u>\$ 5,949,667</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 76,064,541</u>

A summary of Proprietary Fund Type capital assets at June 30, 2007, is as follows:

	Water and Sewer Utility	Solid Waste Fund	Aquatic Center Fund	Beach Service Fund	Total
Land	\$ 227,014	\$ —	\$ —	\$ —	\$ 227,014
Buildings	668,218	313,200	9,700,878	349,890	11,032,186
Water and sewer systems	82,310,757	—	—	—	82,310,757
Other improvements	—	21,842	1,439	—	23,281
Machinery and equipment	4,307,962	3,865,153	630,532	1,113,360	9,917,007
Construction in progress	1,291,603	—	—	—	1,291,603
Totals	<u>88,805,554</u>	<u>4,200,195</u>	<u>10,332,849</u>	<u>1,463,250</u>	<u>104,801,848</u>
Less, accumulated depreciation	<u>(25,163,778)</u>	<u>(2,900,573)</u>	<u>(552,873)</u>	<u>(120,083)</u>	<u>(28,737,307)</u>
Net capital assets – Proprietary Funds	<u>\$ 63,641,776</u>	<u>\$ 1,299,622</u>	<u>\$ 9,779,976</u>	<u>\$ 1,343,167</u>	<u>\$ 76,064,541</u>

For the year ended June 30, 2007, depreciation expenses were charged to Business-type activities totaling \$3,323,363 (Water and Sewer Utility - \$2,535,173, Solid Waste Fund - \$299,524, Aquatic Center Fund - \$368,583, and Beach Service - \$120,083, respectively).

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt

Long-term debt of the City at June 30, 2007, 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>				
Municipal Building Refunding	10/17/00	5.31%	\$ 1,705,000	March 1, 2010
	12/30/02	3.88%	883,000	February 1, 2012
<u>Revenue Bonds:</u>				
Stormwater	7/08/04	3.77%	5,341,462	September 8, 2012
Total general obligation and revenue bonds			7,929,462	
Less, current portions (payable within one year)			(1,648,017)	
			<u>6,281,445</u>	
<u>Capital Lease:</u>				
Equipment lease '06	4/5/06	3.99%	1,610,289	April 5, 2011
Less, current portions (payable within one year)			(379,263)	
			<u>1,231,026</u>	
<u>Accrued Compensated Absences</u>			724,583	
Less, current portions (payable within one year)			(90,880)	
			<u>633,703</u>	
Total Long-Term Debt — Governmental Activities			<u>\$ 8,146,174</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 Enterprise Fund</u>				
<u>Revenue Bonds:</u>				
Water and Sewer System Refunding	11/16/01	3.93%	\$ 490,000	March 1, 2009
Less, current portions (payable within one year)			(235,000)	
			<u>255,000</u>	
<u>Contract payable:</u>				
Myrtle Beach Water Sale and Purchase Agreement Series	09/18/91	2.75%-5.50%	12,131,666	March 1, 2020
Less, current portions (payable within one year)			(698,333)	
			<u>11,433,333</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatics and Fitness Center Note	11/13/03	4.10%	7,706,906	November 13, 2023
Less, current portions (payable within one year)			(322,436)	
			<u>7,384,470</u>	
<u>Accrued Compensated Absences</u>			251,828	
Less, current portions (payable within one year)			(251,828)	
			<u>—</u>	
Total Long-Term Debt — Business-type Activities			<u>\$ 19,072,803</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, 2007, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/06</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/07</u>
General Obligation Bonds:					
Municipal Building	10/17/00	\$ 2,215,000	\$ —	\$ (510,000)	\$ 1,705,000
Refunding	12/30/02	<u>1,039,000</u>	<u>—</u>	<u>(156,000)</u>	<u>883,000</u>
Total general obligation bonds		<u>\$ 3,254,000</u>	<u>\$ —</u>	<u>\$ (666,000)</u>	<u>\$ 2,588,000</u>
Revenue Bonds:					
Stormwater	7/08/04	\$ 6,261,199	\$ —	\$ (919,737)	\$ 5,341,462
Water and sewer system refunding	11/16/01	<u>725,000</u>	<u>—</u>	<u>(235,000)</u>	<u>490,000</u>
Total revenue bonds		<u>\$ 6,986,199</u>	<u>\$ —</u>	<u>\$ (1,154,737)</u>	<u>\$ 5,831,462</u>
Contracts Payable:					
Myrtle Beach Water Sales and Purchase Agreement (See Note 8)	09/18/91	<u>\$ 12,790,000</u>	<u>\$ —</u>	<u>\$ (658,334)</u>	<u>\$ 12,131,666</u>
Notes Payable:					
Aquatics and fitness center note obligation	11/13/03	<u>\$ 8,016,643</u>	<u>\$ —</u>	<u>\$ (309,737)</u>	<u>\$ 7,706,906</u>
Capital Lease Payable:					
New equipment lease '06	4/5/06	<u>\$ 1,975,000</u>	<u>\$ —</u>	<u>\$ (364,711)</u>	<u>\$ 1,610,289</u>
Accrued Compensated Absences:					
Liability for vacation pay:					
Governmental		\$ 662,921	\$ 123,418	\$ (61,756)	\$ 724,583
Business-type		<u>210,318</u>	<u>251,828</u>	<u>(210,318)</u>	<u>251,828</u>
		<u>\$ 873,239</u>	<u>\$ 375,246</u>	<u>\$ (272,074)</u>	<u>\$ 976,411</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:			
2008 (Due within one year)	\$ 124,796	\$ 693,000	\$ 817,796
2009	90,328	747,000	837,328
2010	53,122	777,000	830,122
2011	14,395	185,000	199,395
2012	7,217	186,000	193,217
	<u>\$ 289,858</u>	<u>\$ 2,588,000</u>	<u>\$ 2,877,858</u>
Revenue Bonds: (Stormwater Utility)			
2008 (Due within one year)	\$ 184,984	\$ 955,016	\$ 1,140,000
2009	148,351	991,649	1,140,000
2010	110,313	1,029,687	1,140,000
2011	70,815	1,069,185	1,140,000
2012	29,803	1,110,197	1,140,000
2013	870	185,728	186,598
	<u>\$ 545,136</u>	<u>\$ 5,341,462</u>	<u>\$ 5,886,598</u>
Revenue Bonds: (Water and Sewer Systems)			
2008 (Due within one year)	\$ 19,257	\$ 235,000	\$ 254,257
2009	10,022	255,000	265,022
	<u>\$ 29,279</u>	<u>\$ 490,000</u>	<u>\$ 519,279</u>
Contract Payable:			
2008 (Due within one year)	\$ 646,950	\$ 698,333	\$ 1,345,283
2009	609,683	738,333	1,348,016
2010	569,075	775,000	1,344,075
2011	526,450	810,000	1,336,450
2012	481,900	856,667	1,338,567
2013-2017	1,668,183	5,016,667	6,684,850
2018-2020	322,788	3,236,666	3,559,454
	<u>\$ 4,825,029</u>	<u>\$ 12,131,666</u>	<u>\$ 16,956,695</u>
Note Payable:			
2008 (Due within one year)	\$ 315,983	\$ 322,436	\$ 638,419
2009	302,763	335,656	638,419
2010	289,001	349,418	638,419
2011	274,675	363,744	638,419
2012	259,762	378,657	638,419
2013-2017	1,052,806	2,139,289	3,192,095
2018-2022	576,785	2,615,310	3,192,095
2023-2024	74,442	1,202,396	1,276,838
	<u>\$ 3,146,217</u>	<u>\$ 7,706,906</u>	<u>\$ 10,853,123</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)

	<u>Interest Requirements</u>	<u>Principal Requirements</u>	<u>Total Requirements</u>
Capital Lease Payable:			
2008 (Due within one year)	\$ 64,250	\$ 379,264	\$ 443,514
2009	49,118	394,396	443,514
2010	33,381	410,133	443,514
2011	17,020	426,494	443,514
	<u>\$ 163,769</u>	<u>\$ 1,610,287</u>	<u>\$ 1,774,056</u>

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, 2007, 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, 2007.

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) with the City of Myrtle Beach, South Carolina (Myrtle Beach), whereby the City purchased capacity of seven million gallons per day in Myrtle Beach's 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, has been recorded by the City as an asset ("deferred charge"), net of amortization, in the Water and Sewer Utility Fund.

At year end June 30, 2007, net carrying value of the deferred charge equaled \$9,185,720 and accumulated amortization expense equaled \$10,374,102. 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, 2007 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. At June 30, 2007 net carrying value equaled \$8,216,203 and accumulated amortization expense equaled \$787,855.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Capital Contributions

Capacity (system impact) charges, non-operating grants, and other contributed capital have been recognized in the Government-Wide financial statements and in the Proprietary Funds as a change in net assets.

For the Proprietary Fund, a summary of cash receipts and system contributions deeded from developers during the year ended June 30, 2007, were as follows:

Utility system impact fees	\$	5,421,205
System contributions by developers		3,635,207
Extension fees and other		10,145
Total capital contributions	\$	<u>9,066,557</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>
<u>Invested in Capital Assets, Net of Related Debt:</u>		
Net capital assets	\$ 64,228,213	\$ 76,064,541
Less, G.O. and revenue bonds payable	(9,539,751)	(8,196,906)
Less, construction and retainage payable for capital items	(39,813)	(873,553)
Total invested in capital assets, net of related debt	<u>\$ 54,648,649</u>	<u>\$ 66,994,082</u>
<u>Restricted:</u>		
Restricted cash, cash equivalents and deposits	\$ 531,310	\$ 20,531,798
Less, liabilities payable from restricted assets	(235,741)	(4,629,313)
	<u>\$ 295,569</u>	<u>\$ 15,902,485</u>
Restricted net assets:		
Public safety:		
Victims' assistance programs	\$ 75,265	\$ —
Drug enforcement programs	66,550	—
Public works:		
Shore protection project	153,754	—
Future capacity	—	15,126,675
Debt service	—	775,810
Total restricted net assets	<u>\$ 295,569</u>	<u>\$ 15,902,485</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. 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 pension plan. The net appreciation (depreciation) in the fair value of investments held by the pension 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 are valued at current market prices. 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.

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, 2007, the plans' participants equaled 204 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2007, approximated \$8,507,200. The City's total payroll, without adjustment for accruals, was approximately \$15,315,417. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2007, equaled \$679,223 and \$12,513, respectively, and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and #2 for the year ended June 30, 2007, equaled \$170,144 and \$12,513 respectively.

D. Condensed Financial Information

Combining Statement of Plan Net Assets
June 30, 2007

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Assets			
Cash and temporary investments	\$ 12,018,497	\$ 336,371	\$ 12,354,868
Receivables - Participant loans	576,670	—	576,670
Total assets	\$ 12,595,167	\$ 336,371	\$ 12,931,538
Net Assets			
Held in trust for employee's pension benefits	\$ 12,595,167	\$ 336,371	\$ 12,931,538

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, 2007

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Additions			
Employer contributions	\$ 679,223	\$ 12,513	\$ 691,736
Employee (member) contributions	170,144	12,513	182,657
Investment income	1,478,291	31,001	1,509,292
Non-vested rollover	23,672	—	23,672
Total additions	<u>2,351,330</u>	<u>56,027</u>	<u>2,407,357</u>
Deductions			
Benefit payments/loan issuance costs	428,152	—	428,152
Trustee fees	3,666	—	3,666
Forfeitures	77,538	—	77,538
Total deductions	<u>509,356</u>	<u>—</u>	<u>509,356</u>
Change in net assets	1,841,974	56,027	1,898,001
Net assets, beginning of year	<u>10,753,193</u>	<u>280,344</u>	<u>11,033,537</u>
Net assets, end of year	<u>\$ 12,595,167</u>	<u>\$ 336,371</u>	<u>\$ 12,931,538</u>

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, 2007, 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, 2007, 2006 and 2005 were \$592,619, \$597,082, and \$570,807, 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 (\$486,089 at June 30, 2007) are maintained by a third-party trustee. At June 30, 2007, \$194,259 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 \$100,000 for property and liability insurance. The pool has excess commercial insurance that increases coverage to \$29 million (per occurrence) for property, \$1 million for liability, \$50 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, 2007, were \$423,835.

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 \$40,000 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 \$300,000 (stop-loss provision) are issued by a private carrier selected by the SCMIT. The City made premium payments totaling \$492,198 for the year ended June 30, 2007. The limits of liability for tort actions not specifically exempt by the South Carolina Government Tort Claims Act are \$250,000 per person and \$500,000 per occurrence.

Changes in the aggregate liability are as follows:

	2007	2006	2005
Unpaid claims at beginning of year	\$ 189,337	\$ 43,322	\$ (61,335)
Incurred claims for current and prior year events where the City has retained risk of loss	2,527,933	2,914,063	2,033,046
Payments on claims for current and prior year events where the City has retained risk of loss	(2,636,396)	(2,768,048)	(1,928,389)
(Reserve)/unpaid claims at end of year	\$ 80,874	\$ 189,337	\$ 43,322

The City also is self-insured for unemployment benefits. Claims are administered by the South Carolina Employment Security Commission 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.

13. Post-Employment Health Care Benefits

The City's policy is to extend medical coverage to employees who retire with at least twenty years of continuous service. There are 13 retirees who are covered under this policy. The cost of retiree health care benefits is recognized as expenditure as premiums are paid. For the year ended June 30, 2007, the cost of retiree medical insurance was approximately \$54,566.

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	\$ 86,482,438
Less, accumulated depreciation	<u>(22,254,225)</u>
Net amount reported	<u>\$ 64,228,213</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	<u>\$ 83,455</u>
Net amount reported	<u>\$ 83,455</u>

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

Accrued interest expense	\$ (60,516)
General obligation bonds payable	(2,588,000)
Revenue bonds payable	(5,341,462)
Capital lease payable	(1,610,289)
Accrued compensated absences – long-term portion	<u>(633,703)</u>
Net amount reported	<u>\$ (10,233,970)</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	\$ 10,786,390
Depreciation expense	<u>(3,226,639)</u>
Net amount reported	<u>\$ 7,559,751</u>

Revenues in the Statement of Activities that do not provide current financial resources are reported as revenues in these funds:

Property taxes	\$ 83,455
Net amount reported	<u>\$ 83,455</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:

Accrued compensated absences—net	\$ (32,538)
Accrued interest expense – net	<u>15,187</u>
Net amount reported	<u>\$ (17,351)</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	\$ 1,950,448
Net amount reported	<u>\$ 1,950,448</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2007

(With comparative actual amounts for June 30, 2006)

	2007		Actual	Variance Positive (Neg.)	2006
	Budget Original	Final			Actual
Revenue					
Current property taxes	\$ 7,030,000	\$ 7,030,000	\$ 8,312,388	\$ 1,282,388	\$ 7,504,632
Delinquent property taxes	190,000	190,000	173,607	(16,393)	145,756
Licenses and permits	7,439,745	7,439,745	9,208,744	1,768,999	8,878,631
Fines and forfeitures	649,000	649,000	946,703	297,703	667,589
Use of money and property	535,000	535,000	681,250	146,250	439,653
Unrestricted intergovernmental	1,068,100	1,068,100	970,104	(97,996)	955,045
Restricted intergovernmental	141,000	141,000	135,459	(5,541)	61,404
Sales and service charges	391,500	391,500	355,489	(36,011)	338,502
Miscellaneous	50,000	50,000	52,052	2,052	13,474
Total revenue	17,494,345	17,494,345	20,835,796	3,341,451	19,004,686
Expenditures					
General Government					
Administration					
General services	626,305	4,561,305	4,670,629	(109,324)	1,135,583
Legislative	63,398	63,398	66,605	(3,207)	69,534
Administrative	130,448	130,448	131,823	(1,375)	118,141
City Court	317,404	334,154	344,631	(10,477)	277,510
Legal	126,722	126,722	192,550	(65,828)	134,716
Personnel	438,046	438,046	443,645	(5,599)	337,474
Total	1,702,323	5,654,073	5,849,883	(195,810)	2,072,958
Less, capital outlay	—	(3,935,000)	(5,916,432)	1,981,432	(1,041,705)
Net general government administration	1,702,323	1,719,073	(66,549)	1,785,622	1,031,253
Finance					
Accounting	301,041	301,041	304,193	(3,152)	272,562
Revenue	337,775	337,775	326,515	11,260	255,840
Information services	442,137	442,137	396,211	45,926	335,735
Total	1,080,953	1,080,953	1,026,919	54,034	864,137
Less, capital outlay	(300,000)	(300,000)	(125,131)	(174,869)	(83,937)
Net finance	780,953	780,953	901,788	(120,835)	780,200
Public Safety					
Administrative	376,153	376,153	357,354	18,799	323,386
Uniform patrol	4,450,592	4,450,592	4,247,677	202,915	4,015,985
Community services	647,844	736,544	747,304	(10,760)	568,516
Detectives	876,700	876,700	878,229	(1,529)	905,533
Communications/Detention	1,024,677	1,024,677	1,033,542	(8,865)	2,848,761
Records	285,334	285,334	265,421	19,913	286,159
Victim's assistance	63,742	63,742	60,234	3,508	55,892
Police training	171,870	209,870	200,213	9,657	166,136
Fire suppression	2,417,331	2,847,331	2,865,592	(18,261)	2,262,774
Fire prevention	293,036	293,036	312,347	(19,311)	190,879
Total	10,607,279	11,163,979	10,967,913	196,066	11,624,021
Less, capital outlay	(525,895)	(955,935)	(956,436)	501	(2,260,525)
Net public safety	10,081,384	10,208,044	10,011,477	196,567	9,363,496
Planning/Development					
Planning/zoning administration:	764,718	764,718	768,951	(4,233)	752,653
Code enforcement	829,520	829,520	704,291	125,229	751,461
Total	1,594,238	1,594,238	1,473,242	120,996	1,504,114
Less, capital outlay	—	—	—	—	(39,298)
Net planning/development	1,594,238	1,594,238	1,473,242	120,996	1,464,816

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2007		Actual	Variance Positive (Neg.)	2006
	Budget Original	Budget Final			Actual
Expenditures (Continued)					
Public Works					
Streets/drainage	1,932,045	1,932,045	1,868,445	63,600	1,548,977
Less, capital outlay	(443,000)	(443,000)	(374,818)	(68,182)	(124,877)
Net public works	1,489,045	1,489,045	1,493,627	(4,582)	1,424,100
Parks and Recreation					
Recreation	881,621	881,621	678,795	202,826	701,393
Parks and grounds	1,446,013	1,446,013	1,410,606	35,407	1,075,693
Total	2,327,634	2,327,634	2,089,401	238,233	1,777,086
Less, capital outlay	(722,500)	(722,500)	(489,785)	(232,715)	(282,664)
Net parks and recreation	1,605,134	1,605,134	1,599,616	5,518	1,494,422
Support Services					
Purchasing	175,130	175,130	161,711	13,419	158,085
Fleet maintenance	220,438	220,438	227,249	(6,811)	198,953
Custodial services	205,920	205,920	251,783	(45,863)	230,988
Total	601,488	601,488	640,743	(39,255)	588,026
Less, capital outlay	—	—	(16,401)	16,401	(16,916)
Net support services	601,488	601,488	624,342	(22,854)	571,110
Debt Service					
Principal retirement	1,031,150	1,031,150	1,030,711	439	1,124,000
Interest and fiscal charges	235,550	235,550	236,732	(1,182)	200,433
Agent fees	20,000	20,000	3,866	16,134	4,208
Total debt service	1,286,700	1,286,700	1,271,309	15,391	1,328,641
Capital Outlay	1,991,395	6,356,435	7,879,003	(1,522,568)	3,849,922
Total expenditures	21,132,660	25,641,110	25,187,855	453,255	21,307,960
Excess (deficiency) of revenue over expenditures	(3,638,315)	(8,146,765)	(4,352,059)	3,794,706	(2,303,274)
Other Financing Sources (Uses)					
Capital lease obligation	—	—	—	—	1,975,000
Transfers in:					
From Accommodations (2%) Tax Fund	1,073,315	1,073,315	1,073,315	—	734,315
From Water/Sewer Utility Fund	—	—	—	—	—
From Local (1.5%) Accommodations Tax Fund	1,300,000	1,300,000	1,498,529	198,529	1,391,481
From Hospitality (1%5) Tax Fund	1,925,000	1,925,000	1,893,548	(31,452)	1,854,962
Transfers (out):					
To Capital Improvement Fund	—	—	—	—	(233,580)
To Street Improvement Fund	(660,000)	(660,000)	(660,000)	—	(650,000)
To Beach Service Fund	—	—	(1,124,000)	(1,124,000)	—
Total other financing sources (uses)	3,638,315	3,638,315	2,681,392	(956,923)	5,072,178
Net change in fund balances	—	(4,508,450)	(1,670,667)	2,837,783	2,768,904
Fund balance, beginning of year	13,181,507	13,181,507	13,181,507	—	10,412,603
Fund balance, end of year	\$ 13,181,507	\$ 8,673,057	\$ 11,510,840	\$ 2,837,783	\$ 13,181,507

Note: The City prepares its budget on the GAAP basis. See Notes to the Financial Statements.

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OTHER FINANCIAL INFORMATION

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COMBINING 'NON—MAJOR' GOVERNMENTAL
FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

	Special Revenue Funds				Debt Service Fund		Capital Projects Funds			Total Nonmajor Governmental Funds
	Accommodations (2%) Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	Stormwater Fund	Stormwater Bond	Capital Improvement	Street Improvements	Beach Renourishment		
Assets										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Equity in pooled cash and cash equivalents	11,136	—	—	161,003	—	1,149,490	—	—	—	1,321,629
Receivables	—	453,573	224,959	44,164	—	—	—	—	—	722,696
Due from other funds	35,323	—	—	—	—	—	—	—	—	35,323
Due from other governments	671,135	—	—	—	—	—	1,482,020	1,876,000	—	4,029,155
Total assets	\$ 717,594	\$ 453,573	\$ 224,959	\$ 231,515	\$ —	\$ 1,149,490	\$ 1,482,020	\$ 1,876,000	\$ —	\$ 6,135,151
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	\$ 247,308	\$ —	\$ —	\$ 960	\$ —	\$ —	\$ 119,897	\$ —	\$ —	\$ 368,165
Retainage payable	—	—	—	—	—	—	39,813	—	—	39,813
Due to other funds	—	453,573	224,959	—	—	715,976	444,377	1,722,246	—	3,561,131
Total liabilities	\$ 247,308	\$ 453,573	\$ 224,959	\$ 960	\$ —	\$ 715,976	\$ 604,087	\$ 1,722,246	\$ —	\$ 3,969,109
Fund balances:										
Reserved for:										
Shore Protection Project	—	—	—	—	—	—	—	153,754	—	153,754
Unreserved/undesignated	470,286	—	—	230,555	—	433,514	877,933	—	—	2,012,288
Total fund balances	\$ 470,286	\$ —	\$ —	\$ 230,555	\$ —	\$ 433,514	\$ 877,933	\$ 153,754	\$ —	\$ 2,166,042
Total liabilities and fund balances	\$ 717,594	\$ 453,573	\$ 224,959	\$ 231,515	\$ —	\$ 1,149,490	\$ 1,482,020	\$ 1,876,000	\$ —	\$ 6,135,151

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

YEAR ENDED JUNE 30, 2007

	Special Revenue Funds		Stormwater Fund	Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Accommodations (2%) Tax	Local (1.5%) A-Tax			Stormwater Fund	Stormwater Fund	Capital Improvement	
Revenue								
Use of money and property restricted	\$ 45,263	\$ --	\$ 20,017	\$ --	\$ 92,323	\$ 30,740	\$ 24,337	\$ 212,680
Intergovernmental sales and service charges	2,380,582	2,246,678	1,893,548	--	--	1,963,671	--	8,484,479
Miscellaneous	--	--	1,627,127	--	4,175	--	--	1,631,302
Total revenue	2,425,845	2,246,678	1,893,548	1,647,144	1,125,000	1,994,411	24,337	11,453,461
Expenditures								
Current:								
Public works	--	--	995,869	--	173,717	2,484,708	1,876,000	5,530,294
Parks and recreation	1,165,340	--	--	--	--	--	--	1,165,340
Debt Service	--	--	--	1,140,000	--	--	--	1,140,000
Total expenditures	1,165,340	--	995,869	1,140,000	173,717	2,484,708	1,876,000	7,835,634
Excess (deficiency) of revenue over (under) expenditures	1,260,505	2,246,678	651,275	(1,140,000)	1,047,781	(490,297)	(1,851,663)	3,617,827
Other Financing Sources (Uses)								
Transfers in:								
Transfers (out)	(1,295,880)	(2,246,678)	(1,140,000)	1,140,000	--	660,000	1,124,000	2,924,000
Total other financing sources (uses)	(1,295,880)	(2,246,678)	(1,140,000)	1,140,000	--	660,000	1,124,000	(3,652,106)
Net change in fund balances	(35,375)	--	(488,725)	--	1,047,781	169,703	(727,663)	(34,279)
Fund balances, beginning of year	505,661	--	719,280	--	(614,267)	708,230	881,417	2,200,321
Fund balances, end of year	\$ 470,286	\$ --	\$ 230,555	\$ --	\$ 433,514	\$ 877,933	\$ 153,754	\$ 2,166,042

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**INDIVIDUAL FUND
FINANCIAL STATEMENTS**

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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, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Cash and cash equivalents	\$ 4,706,491	\$ 6,424,330
Equity in pooled cash and cash equivalents	—	2,620,976
Receivables:		
Property taxes	588,545	546,513
Less, allowance for doubtful accounts	(489,636)	(492,858)
Franchise fees	439,567	428,189
Accommodations taxes	35,323	—
Defined Benefit Pension Trust Fund	194,259	278,523
Other receivables	(804)	5,931
Due from other governments:		
Horry County	—	—
Federal grant	—	32,305
Due from other funds:		
Accommodations Tax Fund	—	—
Local Accommodations Tax Fund	302,415	251,896
Hospitality Fees Fund	224,959	232,659
Stormwater fund	—	—
Capital Improvement Fund	715,976	614,267
Street Improvement Fund	444,377	—
Beach Renourishment Fund	1,722,246	—
Water and Sewer Fund	—	685,647
Solid Waste Enterprise Fund	1,144,110	1,031,084
Aquatic Fund	1,080,552	1,130,535
Beach Service Fund	1,758,107	—
Inventories and prepaid items	239,451	168,108
Restricted assets:		
Cash and cash equivalents:		
Drug enforcement account	66,550	98,833
Police seizures held	24,767	18,904
Equity in pooled cash and cash equivalents:		
Bail bond account	195,974	655,045
Total assets	<u>\$ 13,393,229</u>	<u>\$ 14,730,887</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

—CONTINUED—

	<u>2007</u>	<u>2006</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 535,919	\$ 519,334
Construction and retainage payable	—	4,543
Accrued payroll and withholdings payable	262,396	228,051
Medical claims payable, net	117,807	35,647
Accrued compensated absences	90,880	61,756
Due to other funds	639,646	—
Payable from restricted assets:		
Bail bonds	195,974	655,045
Police seizures held	24,767	18,904
Magistrate payable	—	5,100
High court payable	—	5,000
Deposits-performance bonds	15,000	16,000
Total liabilities	<u>1,882,389</u>	<u>1,549,380</u>
Fund Balance:		
Reserved for inventory	239,451	168,108
Reserved for grants	—	32,305
Reserved for victims assistance	75,265	82,990
Reserved for drug enforcement	66,550	98,833
Reserved for J. Causey Memorial	2,295	2,295
Reserved for historical museum	—	331
Unreserved:		
Designated for contingencies	250,000	250,000
Designated for recovery emergency area	142,500	142,500
Undesignated	10,734,779	12,404,145
Total fund balance	<u>11,510,840</u>	<u>13,181,507</u>
Total liabilities and fund balance	<u>\$ 13,393,229</u>	<u>\$ 14,730,887</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2007
 (With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Revenue				
Current property taxes	\$ 7,030,000	\$ 8,312,388	\$ 1,282,388	\$ 7,504,632
Delinquent property taxes:				
Real and personal property	135,000	103,520	(31,480)	83,907
Penalties	55,000	70,087	15,087	61,849
	<u>190,000</u>	<u>173,607</u>	<u>(16,393)</u>	<u>145,756</u>
Licenses and permits:				
Business licenses	4,700,000	6,535,882	1,835,882	5,450,134
Business license penalties	35,000	72,017	37,017	47,494
Hospitality fees	—	—	—	—
Hospitality fee penalties	—	—	—	—
Building permits	940,645	1,001,339	60,694	1,628,590
Inspection fees	3,500	5,490	1,990	5,635
Other permits	7,000	11,690	4,690	9,630
Franchise fee - electricity	1,065,000	1,097,962	32,962	1,057,238
Franchise fee - cable TV	355,000	401,741	46,741	374,724
Franchise fee - telephone	258,600	—	(258,600)	240,329
Franchise fee - gas	75,000	82,623	7,623	64,857
	<u>7,439,745</u>	<u>9,208,744</u>	<u>1,768,999</u>	<u>8,878,631</u>
Fines and forfeitures:				
Fines	1,250,000	1,382,831	132,831	1,219,025
Seizures	30,000	23,523	(6,477)	42,569
Improper parking	9,000	12,248	3,248	19,713
Victims assistance	60,000	52,509	(7,491)	57,150
Less, remittances to State Treasurer	(700,000)	(524,408)	175,592	(670,868)
	<u>649,000</u>	<u>946,703</u>	<u>297,703</u>	<u>667,589</u>
Use of money and property:				
Interest on investments	450,000	556,022	106,022	370,540
Property rental	85,000	125,228	40,228	69,113
	<u>535,000</u>	<u>681,250</u>	<u>146,250</u>	<u>439,653</u>
Unrestricted intergovernmental:				
Local government	296,500	315,601	19,101	295,790
Homestead exemption tax	95,000	89,839	(5,161)	86,957
Business inventory tax	36,600	36,616	16	36,616
Accommodations tax	135,000	149,907	14,907	145,965
Admissions tax	250,000	205,929	(44,071)	187,715
Motor carrier tax	15,000	17,823	2,823	16,152
Alcoholic beverage permit fees	240,000	154,389	(85,611)	185,850
	<u>1,068,100</u>	<u>970,104</u>	<u>(97,996)</u>	<u>955,045</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

—CONTINUED—

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Revenue (Continued)				
Restricted intergovernmental:				
FEMA grant	—	28,558	28,558	(47,900)
Federal – other grants	100,000	28,633	(71,367)	67,156
State grants	—	49,768	49,768	1,148
Horry County recreation	41,000	28,500	(12,500)	41,000
	<u>141,000</u>	<u>135,459</u>	<u>(5,541)</u>	<u>61,404</u>
Sales and service charges:				
City codes and ordinances	10,000	8,129	(1,871)	10,641
Fire protection – contracts	120,000	129,170	9,170	98,240
Street work	25,000	2,084	(22,916)	17,853
Beach services franchise	125,000	105,000	(20,000)	108,125
Recreation fees	75,000	65,509	(9,491)	68,572
GIS Data	1,500	—	(1,500)	327
Memorial – J. Causey	—	—	—	—
Area historical museum	—	2,500	2,500	(332)
Miscellaneous	35,000	43,097	8,097	35,076
	<u>391,500</u>	<u>355,489</u>	<u>(36,011)</u>	<u>338,502</u>
Miscellaneous:				
Insurance reimbursements	50,000	29,003	(20,997)	6,606
Grants from private entities	—	23,049	23,049	6,868
	<u>50,000</u>	<u>52,052</u>	<u>2,052</u>	<u>13,474</u>
Total revenue	<u>17,494,345</u>	<u>20,835,796</u>	<u>3,341,451</u>	<u>19,004,686</u>
Expenditures				
General Government Administration				
General services:				
Personal services	89,600	150,865	(61,265)	74,786
Operating expenditures	1,138,450	1,227,703	(89,253)	1,110,142
Capital expenditure	3,935,000	5,916,432	(1,981,432)	1,041,705
Less, overhead allocation-utility	(601,745)	(2,624,371)	2,022,626	(1,091,050)
	<u>4,561,305</u>	<u>4,670,629</u>	<u>(109,324)</u>	<u>1,135,583</u>
Legislative:				
Personal services	125,734	133,955	(8,221)	124,937
Operating expenditures	15,150	14,051	1,099	29,583
Less, overhead allocation-utility	(77,486)	(81,401)	3,915	(84,986)
	<u>63,398</u>	<u>66,605</u>	<u>(3,207)</u>	<u>69,534</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

—CONTINUED—

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Expenditures (Continued)				
General Government Administration (Cont.)				
Administrative:				
Personal services	217,234	227,508	(10,274)	200,355
Operating expenditures	72,650	65,431	7,219	62,181
Less, overhead allocation-utility	(159,436)	(161,116)	1,680	(144,395)
	<u>130,448</u>	<u>131,823</u>	<u>(1,375)</u>	<u>118,141</u>
City Court:				
Personal services	291,554	293,728	(2,174)	247,943
Operating expenditures	42,600	50,903	(8,303)	29,567
	<u>334,154</u>	<u>344,631</u>	<u>(10,477)</u>	<u>277,510</u>
Legal:				
Personal services	180,604	189,098	(8,494)	167,378
Operating expenditures	101,000	238,790	(137,790)	131,992
Less, overhead allocation-utility	(154,882)	(235,338)	80,456	(164,654)
	<u>126,722</u>	<u>192,550</u>	<u>(65,828)</u>	<u>134,716</u>
Personnel:				
Personal services	616,986	591,806	25,180	434,547
Operating expenditures	27,200	60,613	(33,413)	61,738
Less, overhead allocation-utility	(206,140)	(208,774)	2,634	(158,811)
	<u>438,046</u>	<u>443,645</u>	<u>(5,599)</u>	<u>337,474</u>
Total general government administration	5,654,073	5,849,883	(195,810)	2,072,958
Less, total capital outlay	(3,935,000)	(5,916,432)	1,981,432	(1,041,705)
Net general government administration	<u>1,719,073</u>	<u>(66,549)</u>	<u>1,785,622</u>	<u>1,031,253</u>
Finance				
Accounting:				
Personal services	415,049	405,962	9,087	388,270
Operating expenditures	91,200	101,056	(9,856)	77,813
Capital expenditures	25,000	29,793	(4,793)	14,908
Less, overhead allocation-utility	(230,208)	(232,618)	2,410	(208,429)
	<u>301,041</u>	<u>304,193</u>	<u>(3,152)</u>	<u>272,562</u>
Revenue:				
Personal services	286,525	270,286	16,239	226,248
Operating expenditures	33,750	38,068	(4,318)	29,592
Capital expenditures	17,500	18,161	(661)	—
	<u>337,775</u>	<u>326,515</u>	<u>11,260</u>	<u>255,840</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

—CONTINUED—

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Expenditures (Continued)				
Finance (Cont.)				
Information services:				
Personal services	420,643	395,036	25,607	329,774
Operating services	75,500	203,146	(127,646)	173,472
Capital expenditures	257,500	77,177	180,323	69,029
Less, overhead allocation utility	(311,506)	(279,148)	(32,358)	(236,540)
	<u>442,137</u>	<u>396,211</u>	<u>45,926</u>	<u>335,735</u>
Total finance	1,080,953	1,026,919	54,034	864,137
Less, total capital outlay	(300,000)	(125,131)	(174,869)	(83,937)
Net finance	<u>780,953</u>	<u>901,788</u>	<u>(120,835)</u>	<u>780,200</u>
Public Safety				
Administrative:				
Personal services	350,566	308,249	42,317	282,664
Operating expenditures	25,587	49,105	(23,518)	40,722
Capital expenditures	—	—	—	—
	<u>376,153</u>	<u>357,354</u>	<u>18,799</u>	<u>323,386</u>
Uniform patrol:				
Personal services	3,492,031	3,400,879	91,152	3,254,771
Operating expenditures	576,981	478,476	98,505	533,504
Capital expenditures	381,580	368,322	13,258	227,710
	<u>4,450,592</u>	<u>4,247,677</u>	<u>202,915</u>	<u>4,015,985</u>
Community services:				
Personal services	537,529	564,422	(26,893)	450,793
Operating expenditures	146,755	162,605	(15,850)	117,723
Capital expenditures	52,260	20,277	31,983	—
	<u>736,544</u>	<u>747,304</u>	<u>(10,760)</u>	<u>568,516</u>
Detectives:				
Personal services	752,355	756,449	(4,094)	706,342
Operating expenditures	107,350	90,880	16,470	89,472
Capital expenditures	16,995	30,900	(13,905)	109,719
	<u>876,700</u>	<u>878,229</u>	<u>(1,529)</u>	<u>905,533</u>
Communications/Detention:				
Personal services	912,472	875,831	36,641	827,210
Operating expenditures	158,635	146,100	12,535	154,469
Capital expenditures	7,500	66,008	(58,508)	1,916,166
Less, overhead allocation-utility	(53,930)	(54,397)	467	(49,084)
	<u>1,024,677</u>	<u>1,033,542</u>	<u>(8,865)</u>	<u>2,848,761</u>
Records:				
Personal services	189,362	156,379	32,983	177,677
Operating expenditures	95,972	109,042	(13,070)	101,552
Capital expenditures	—	—	—	6,930
	<u>285,334</u>	<u>265,421</u>	<u>19,913</u>	<u>286,159</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

—CONTINUED—

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Expenditures (Continued)				
Public Safety (Cont.)				
Victim's assistance:				
Personal services	55,776	55,329	447	51,561
Operating expenditures	7,966	4,905	3,061	4,331
	<u>63,742</u>	<u>60,234</u>	<u>3,508</u>	<u>55,892</u>
Police training:				
Personal services	188,945	173,418	15,527	146,638
Operating expenditures	20,925	26,795	(5,870)	19,498
	<u>209,870</u>	<u>200,213</u>	<u>9,657</u>	<u>166,136</u>
Fire suppression:				
Personal services	2,187,256	2,130,676	56,580	1,981,109
Operating expenditures	198,475	297,485	(99,010)	281,665
Capital expenditures	461,600	437,431	24,169	—
	<u>2,847,331</u>	<u>2,865,592</u>	<u>(18,261)</u>	<u>2,262,774</u>
Fire prevention:				
Personal services	237,151	261,274	(24,123)	173,801
Operating expenditures	19,885	17,575	2,310	17,078
Capital expenditures	36,000	33,498	2,502	—
	<u>293,036</u>	<u>312,347</u>	<u>(19,311)</u>	<u>190,879</u>
Total public safety	11,163,979	10,967,913	196,066	11,624,021
Less, total capital outlay	(955,935)	(956,436)	501	(2,260,525)
Net public safety	<u>10,208,044</u>	<u>10,011,477</u>	<u>196,567</u>	<u>9,363,496</u>
Planning/Development				
Planning/zoning administration:				
Personal services	709,577	697,104	12,473	643,782
Operating expenditures	55,141	71,847	(16,706)	108,871
Capital expenditures	—	—	—	—
	<u>764,718</u>	<u>768,951</u>	<u>(4,233)</u>	<u>752,653</u>
Building:				
Personal services	630,477	569,720	60,757	447,448
Operating expenditures	242,702	171,639	71,063	304,265
Capital expenditures	—	—	—	39,298
Less, overhead allocation-utility	(43,659)	(37,068)	(6,591)	(39,550)
	<u>829,520</u>	<u>704,291</u>	<u>125,229</u>	<u>751,461</u>
Total planning/development	1,594,238	1,473,242	120,996	1,504,114
Less, total capital outlay	—	—	—	(39,298)
Net planning/development	<u>1,594,238</u>	<u>1,473,242</u>	<u>120,996</u>	<u>1,464,816</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

—CONTINUED—

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Expenditures (Continued)				
Public Works				
Streets/drainage:				
Personal services	937,347	925,493	11,854	855,844
Operating expenditures	766,370	775,739	(9,369)	740,364
Capital expenditures	443,000	374,818	68,182	124,877
Less, overhead allocation-utility	(214,672)	(207,605)	(7,067)	(172,108)
	<u>1,932,045</u>	<u>1,868,445</u>	<u>63,600</u>	<u>1,548,977</u>
Total public works	1,932,045	1,868,445	63,600	1,548,977
Less, total capital outlay	(443,000)	(374,818)	(68,182)	(124,877)
Net public works	<u>1,489,045</u>	<u>1,493,627</u>	<u>(4,582)</u>	<u>1,424,100</u>
Parks and Recreation				
Recreation:				
Personal services	396,271	378,450	17,821	304,299
Operating expenditures	285,350	242,814	42,536	303,784
Capital expenditures	200,000	57,531	142,469	93,310
	<u>881,621</u>	<u>678,795</u>	<u>202,826</u>	<u>701,393</u>
Parks and grounds:				
Personal services	554,913	568,497	(13,584)	497,079
Operating expenditures	368,600	409,855	(41,255)	389,260
Capital expenditures	522,500	432,254	90,246	189,354
	<u>1,446,013</u>	<u>1,410,606</u>	<u>35,407</u>	<u>1,075,693</u>
Total parks and recreation	2,327,634	2,089,401	238,233	1,777,086
Less, total capital outlay	(722,500)	(489,785)	(232,715)	(282,664)
Net parks and recreation	<u>1,605,134</u>	<u>1,599,616</u>	<u>5,518</u>	<u>1,494,422</u>
Support Services				
Purchasing:				
Personal services	399,146	364,027	35,119	332,075
Operating expenditures	28,001	30,391	(2,390)	36,583
Capital expenditures	—	—	—	16,916
Less, overhead allocations- utility	(252,017)	(232,706)	(19,311)	(227,489)
	<u>175,130</u>	<u>161,711</u>	<u>13,419</u>	<u>158,085</u>
Fleet management:				
Personal services	306,658	289,158	17,500	278,313
Operating expenditures	37,776	49,517	(11,741)	32,551
Capital expenditures	—	16,401	(16,401)	—
Less, overhead allocation-utility	(123,996)	(127,827)	3,831	(111,911)
	<u>220,438</u>	<u>227,249</u>	<u>(6,811)</u>	<u>198,953</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

—CONTINUED—

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Expenditures (Continued)				
Support Services (Cont.)				
Custodial Services:				
Personnel services	153,846	151,445	2,401	131,307
Operating expenses	197,154	277,731	(80,577)	262,422
Less, overhead allocation-utility	(145,080)	(177,393)	32,313	(162,741)
	<u>205,920</u>	<u>251,783</u>	<u>(45,863)</u>	<u>230,988</u>
Total support services	601,488	640,743	(39,255)	588,026
Less, total capital outlay	—	(16,401)	16,401	(16,916)
Net support services	<u>601,488</u>	<u>624,342</u>	<u>(22,854)</u>	<u>571,110</u>
Debt Service				
Principal retirement	1,031,150	1,030,711	439	1,124,000
Interest and fiscal charges	235,550	236,732	(1,182)	200,433
Agent fees	20,000	3,866	16,134	4,208
Total debt service	<u>1,286,700</u>	<u>1,271,309</u>	<u>15,391</u>	<u>1,328,641</u>
Capital Outlay	<u>6,356,435</u>	<u>7,879,003</u>	<u>(1,522,568)</u>	<u>3,849,922</u>
Total expenditures	<u>25,641,110</u>	<u>25,187,855</u>	<u>453,255</u>	<u>21,307,960</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(8,146,765)</u>	<u>(4,352,059)</u>	<u>3,794,706</u>	<u>(2,303,274)</u>
Other Financing Sources (Uses)				
Capital lease obligation	—	—	—	1,975,000
Transfers in:				
From Accommodations (2%) Tax Fund	1,073,315	1,073,315	—	734,315
From Local (1.5%) Accommodations Tax Fund	1,300,000	1,498,529	198,529	1,391,481
From Local (1%) Hospitality Fee Fund	1,925,000	1,893,548	(31,452)	1,854,962
Transfers out:				
To Beach Service Fund	—	(1,124,000)	(1,124,000)	—
To Capital Improvement Fund	—	—	—	(233,580)
To Street Improvement Fund	(660,000)	(660,000)	—	(650,000)
Total other financing sources (uses)	<u>3,638,315</u>	<u>2,681,392</u>	<u>(956,923)</u>	<u>5,072,178</u>
Net change in fund balances	(4,508,450)	(1,670,667)	2,837,783	2,768,904
Fund balance, beginning of year	13,181,507	13,181,507	—	10,412,603
Fund balance, end of year	<u>\$ 8,673,057</u>	<u>\$ 11,510,840</u>	<u>\$ 2,837,783</u>	<u>\$ 13,181,507</u>

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.

Accommodations (2%) Tax Fund:

To account for the City's share of a 2% additional sales tax levied on the rental of transient accommodations. Use of the revenue is restricted to the promotion of tourism and tourist related activities.

Local Accommodations (1.5%) Tax Fund:

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.

Hospitality (1%) Fees Fund:

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.

Stormwater Fund:

To account for revenues and expenditures associated with the City's Stormwater management program.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX FUND
BALANCE SHEET

JUNE 30, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 11,136	\$ 83,909
Due from General Fund	35,323	—
Due from other governments	<u>671,135</u>	<u>715,520</u>
Total assets	<u>\$ 717,594</u>	<u>\$ 799,429</u>
Liabilities and Fund Balance		
Accounts payable	\$ 247,308	\$ 293,768
Due to General Fund	<u>—</u>	<u>—</u>
Total liabilities	<u>247,308</u>	<u>293,768</u>
Fund balance:		
Unreserved/undesignated	<u>470,286</u>	<u>505,661</u>
Total liabilities and fund balance	<u>\$ 717,594</u>	<u>\$ 799,429</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, 2007
 (With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 10,000	\$ 45,263	\$ 35,263	\$ 22,790
Restricted intergovernmental:				
SCDHEC Grant	—	7,350	7,350	6,781
Accommodations tax revenue	2,173,350	2,373,232	199,882	2,298,341
Total revenue	<u>2,183,350</u>	<u>2,425,845</u>	<u>242,495</u>	<u>2,327,912</u>
Expenditures				
Parks and recreation:				
City improvements – operations and maintenance	127,924	139,526	(11,602)	104,251
Allocations to other agencies	982,747	1,025,814	(43,067)	995,864
Total expenditures	<u>1,110,671</u>	<u>1,165,340</u>	<u>(54,669)</u>	<u>1,100,115</u>
Excess of revenue over expenditures	<u>1,072,679</u>	<u>1,260,505</u>	<u>187,826</u>	<u>1,227,797</u>
Other Financing Sources (Uses)				
Transfers (out)	1,295,880	(1,295,880)	—	(998,843)
Total other financing sources (uses)	<u>1,295,880</u>	<u>(1,295,880)</u>	<u>—</u>	<u>(998,843)</u>
Net change in fund balances	(223,201)	(35,375)	187,826	228,954
Fund balance, beginning of year	505,661	505,661	—	276,707
Fund balance, end of year	<u>\$ 282,460</u>	<u>\$ 470,286</u>	<u>\$ 187,826</u>	<u>\$ 505,661</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX FUND
BALANCE SHEET

JUNE 30, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Receivables	\$ 453,573	\$ 377,808
Total assets	<u>\$ 453,573</u>	<u>\$ 377,808</u>
 Liabilities and Fund Balance		
Due to other funds	\$ 453,573	\$ 377,808
Total liabilities	<u>453,573</u>	<u>377,808</u>
 Fund balance:		
Unreserved/undesignated	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 453,573</u>	<u>\$ 377,808</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, 2007
 (With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Revenue				
Restricted intergovernmental:				
Accommodations tax revenue	\$ —	\$ 2,244,377	\$ 2,244,377	\$ 2,084,650
Penalties	—	2,301	2,301	1,693
Total revenue	—	2,246,678	2,246,678	2,086,343
Excess of revenue over expenditures	—	2,246,678	2,246,678	2,086,343
Other Financing Sources (Uses)				
Transfers (out) - General Fund	—	(1,498,529)	(1,498,529)	(1,391,481)
Transfers (out) - Aquatic Fund	—	(748,149)	(748,149)	(694,862)
Total other financing sources (uses)	—	(2,246,678)	(2,246,678)	(2,086,343)
Net change in fund balances	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1.0%) FEES
BALANCE SHEET

YEAR ENDED JUNE 30, 2007
(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Receivables	\$ 224,959	\$ 232,659
Total assets	<u>\$ 224,959</u>	<u>\$ 232,659</u>
Liabilities and Fund Balance		
Due to other funds	\$ 224,959	\$ 232,659
Total liabilities	<u>224,959</u>	<u>232,659</u>
Fund balance:		
Unreserved/undesignated	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 224,959</u>	<u>\$ 232,659</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, 2007

(With comparative actual amounts for June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Neg.)	Actual
Revenue				
Restricted intergovernmental:				
Hospitality fees	\$ —	\$ 1,888,822	\$ 1,888,822	\$ 1,850,871
Penalties	—	4,726	4,726	4,091
Total revenue	—	1,893,548	1,893,548	1,854,962
 Excess of revenue over expenditures	—	1,893,548	1,893,548	1,854,962
 Other Financing Sources (Uses)				
Transfers (out) - General Fund	—	(1,893,548)	(1,893,548)	(1,854,962)
Total other financing sources (uses)	—	(1,893,548)	(1,893,548)	(1,854,962)
 Net change in fund balances	—	—	—	—
 Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

STORMWATER FUND
BALANCE SHEET

JUNE 30, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Cash and cash equivalents	\$ 26,348	\$ 25,459
Equity in pooled cash and cash equivalents	161,003	1,200,827
Accounts receivable	44,164	65,903
Total assets	<u>\$ 231,515</u>	<u>\$ 1,292,189</u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 960	\$ 183,262
Retainage payable	—	389,647
Due to General Fund	—	—
Total liabilities	<u>960</u>	<u>572,909</u>
 Fund balance:		
Unreserved/undesignated	<u>230,555</u>	<u>719,280</u>
Total liabilities and fund balance	<u>\$ 231,515</u>	<u>\$ 1,292,189</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, 2007

(With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 35,000	\$ 20,017	\$ (14,983)	\$ 115,021
Sales and service charges:				
Water drainage fees	1,635,000	1,627,127	(7,873)	1,596,184
Total revenue	<u>1,670,000</u>	<u>1,647,144</u>	<u>(22,856)</u>	<u>1,711,205</u>
Expenditures				
Public works:				
Drainage/Ocean out-fall	2,000,000	995,869	1,004,131	2,350,033
Total expenditures	<u>2,000,000</u>	<u>995,869</u>	<u>1,004,131</u>	<u>2,350,033</u>
Excess (deficiency) of revenue over expenditures	<u>(330,000)</u>	<u>651,275</u>	<u>981,275</u>	<u>(638,828)</u>
Other financing sources (uses)				
Transfers (out) – Debt Service Fund	(1,140,000)	(1,140,000)	—	(1,045,000)
Total other financing sources (uses)	<u>(1,140,000)</u>	<u>(1,140,000)</u>	<u>—</u>	<u>(1,045,000)</u>
Net change in fund balances	(1,470,000)	(488,725)	981,275	(1,683,828)
Fund balance, beginning of year	719,280	719,280	—	2,403,108
Fund balance, end of year	<u>\$ (750,720)</u>	<u>\$ 230,555</u>	<u>\$ 981,275</u>	<u>\$ 719,280</u>

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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, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Total assets	<u>\$ —</u>	<u>\$ —</u>
Liabilities and Fund Balance		
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, 2007

(With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Total revenue	—	—	—	—
Expenditures				
Debt Service:				
Principal	916,857	916,761	96	810,661
Interest	223,143	223,239	(96)	234,339
Fiscal agent fees	—	—	—	—
Total expenditures	1,140,000	1,140,000	—	1,045,000
Excess (deficiency) of revenue over (under) expenditures	(1,140,000)	(1,140,000)	—	(1,045,000)
Other Financing Sources (Uses)				
Transfers in – Special Revenue Fund	1,140,000	1,140,000	—	1,045,000
Total other financing sources (uses)	1,140,000	1,140,000	—	1,045,000
Net change in fund balances	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

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CAPITAL PROJECTS FUND

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.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT FUND
BALANCE SHEET

JUNE 30, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 1,149,490	\$ —
Total assets	<u>\$ 1,149,490</u>	<u>\$ —</u>
 Liabilities and Fund Balance		
Liabilities:		
Due to General Fund	\$ 715,976	\$ 614,267
Total liabilities	<u>715,976</u>	<u>614,267</u>
 Fund balance:		
Unreserved/undesignated (deficit)	433,514	(614,267)
Total liabilities and fund balance	<u>\$ 1,149,490</u>	<u>\$ —</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, 2007
 (With comparative actual amounts for June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Neg.)	Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ 24,490	\$ 24,490	\$ —
Surplus sales	20,000	67,833	47,833	53,562
Proceeds from sale of capital assets	—	—	—	16,000
Sales and services:				
Development fees	20,000	4,175	(15,825)	4,500
Miscellaneous:				
Contribution in aid of construction – for park improvements and parking	—	1,125,000	1,125,000	—
Total revenue	<u>40,000</u>	<u>1,221,498</u>	<u>1,181,498</u>	<u>74,062</u>
Expenditures				
Public works:				
Municipal building	—	173,717	(173,717)	111,049
Cherry Grove project	—	—	—	61,000
Other equipment	—	—	—	—
Total expenditures	<u>—</u>	<u>173,717</u>	<u>(173,717)</u>	<u>172,049</u>
Excess (deficiency) of revenue over (under) expenditures	<u>40,000</u>	<u>1,047,781</u>	<u>1,007,781</u>	<u>(97,987)</u>
Transfers and Other Financing Sources (Uses)				
Transfers (out)	—	—	—	233,580
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>233,580</u>
Net change in fund balances	40,000	1,047,781	1,007,781	135,593
Fund balance, beginning of year	(614,267)	(614,267)	—	(749,860)
Fund balance, end of year	<u>\$ (574,267)</u>	<u>\$ 433,514</u>	<u>\$ 1,007,781</u>	<u>\$ (614,267)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT FUND
BALANCE SHEET

JUNE 30, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ 994,261
Due from other government	1,482,020	—
Total assets	<u>\$ 1,482,020</u>	<u>\$ 994,261</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 119,897	\$ 210,719
Retainage payable	39,813	75,312
Due to General Fund	444,377	—
Total liabilities	<u>604,087</u>	<u>286,031</u>
Fund balance:		
Unreserved/undesignated	<u>877,933</u>	<u>708,230</u>
Total liabilities and fund balance	<u>\$ 1,482,020</u>	<u>\$ 994,261</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, 2007

(With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 25,000	\$ 30,740	\$ 5,740	\$ 67,199
Restricted intergovernmental:				
Horry County Road Fee	205,000	224,145	19,145	75,000
SCDOT road grants	—	250,000	250,000	300,000
Santee Cooper grants	—	1,489,526	1,489,526	212,704
Sales and services charges:				
Miscellaneous revenue	—	—	—	—
Forfeited construction bonds	—	—	—	—
Construction for public use	—	—	—	162,720
Total revenue	<u>230,000</u>	<u>1,994,411</u>	<u>1,764,411</u>	<u>817,623</u>
Expenditures				
Public works:				
Street paving – roads	—	45,018	(45,018)	975,266
Resurfacing – roads	150,000	795,829	(645,829)	50,457
Beach access improvements	60,000	—	60,000	—
Sidewalks	300,000	—	300,000	97,049
Underground utilities	—	1,526,084	(1,526,084)	69,670
Verizon underground utilities	100,000	(1,740)	101,740	173,771
Intersection improvements	150,000	17,979	132,021	541,893
Professional services	—	101,538	(101,538)	—
Total expenditures	<u>760,000</u>	<u>2,484,708</u>	<u>(1,724,708)</u>	<u>1,908,106</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(530,000)</u>	<u>(490,297)</u>	<u>39,703</u>	<u>(1,090,483)</u>
Other Financing Sources (Uses)				
Transfers in	660,000	660,000	—	650,000
Total other financing sources (uses)	<u>660,000</u>	<u>660,000</u>	<u>—</u>	<u>650,000</u>
Net change in fund balances	130,000	169,703	39,703	(440,483)
Fund balance, beginning of year	708,230	708,230	—	1,148,713
Fund balance, end of year	<u>\$ 838,230</u>	<u>\$ 877,933</u>	<u>\$ 39,703</u>	<u>\$ 708,230</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT FUND
BALANCE SHEET

JUNE 30, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ 881,417
Due from other governments	<u>1,876,000</u>	<u>—</u>
Total assets	<u>\$ 1,876,000</u>	<u>\$ 881,417</u>
Liabilities and Fund Balance		
Liabilities:		
Due to General Fund	\$ 1,722,246	\$ —
Total liabilities	<u>1,722,246</u>	<u>—</u>
Fund Balance:		
Reserved for Shore Protection Project	<u>153,754</u>	<u>881,417</u>
Total liabilities and fund balance	<u>\$ 1,876,000</u>	<u>\$ 881,417</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, 2007
 (With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 30,000	\$ 24,337	\$ (5,663)	\$ 31,730
Total revenue	<u>30,000</u>	<u>24,337</u>	<u>(5,663)</u>	<u>31,730</u>
Expenditures				
Public works:				
Materials and supplies	50,000	—	50,000	1,862
Professional services	<u>1,888,000</u>	<u>1,876,000</u>	<u>12,000</u>	<u>43,652</u>
Total expenditures	<u>1,938,000</u>	<u>1,876,000</u>	<u>62,000</u>	<u>45,514</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,908,000)</u>	<u>(1,851,663)</u>	<u>56,337</u>	<u>(13,784)</u>
Other Financing Sources (Uses)				
Transfers in	—	1,124,000	1,124,000	—
Total other financing sources (uses)	<u>—</u>	<u>1,124,000</u>	<u>1,124,000</u>	<u>—</u>
Net change in fund balances	(1,908,000)	(727,663)	(1,180,337)	(13,784)
Fund balance, beginning of year	<u>881,417</u>	<u>881,417</u>	<u>—</u>	<u>895,201</u>
Fund balance, end of year	<u>\$ (1,026,583)</u>	<u>\$ 153,754</u>	<u>\$ (1,180,337)</u>	<u>\$ 881,417</u>

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ENTERPRISE FUND

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, 2007
(With comparative amounts for June 30, 2006)

	2007	2006		2007	2006
Assets			Liabilities and Net Assets		
Current assets:			Current liabilities:		
Cash and cash equivalents	2,772,550	\$ 2,771,963	Accounts payable-trade	748,459	\$ 737,666
Equity in pooled cash and cash equivalents	1,040,643	---	Accrued payroll and related taxes	47,896	51,413
Accounts receivable, net	1,917,675	1,716,058	Accrued compensated absences	137,719	123,477
Due from other funds	604,323	---	Insurance claims payable	79,772	64,554
Inventories	339,029	346,723	Contracts payable-current portion	698,333	658,333
	<u>6,674,220</u>	<u>4,834,744</u>	Due to other funds	---	685,647
Restricted assets:				<u>1,712,179</u>	<u>2,321,090</u>
Cash and cash equivalents:			Current liabilities payable from restricted assets:		
Depreciation funds	43,995	41,712	Construction and retainage payable	873,553	231,610
Contingent funds	1,493	1,416	Revenue bonds payable-current portion	235,000	235,000
Bond and interest redemption and cushion funds	47,167	47,728	Accrued interest payable	3,209	4,749
Customer meter deposits	1,803,153	1,566,397	Meter deposits and other	1,813,817	1,727,840
Impact fees	7,228,777	6,853,754	Deferred tap and impact fees	2,815,496	5,248,077
Equity in pooled cash and cash equivalents:	78,699	76,745	Total current liabilities payable from restricted assets	<u>5,741,075</u>	<u>7,447,276</u>
Depreciation funds	156,597	152,708	Total current liabilities	<u>7,453,254</u>	<u>9,768,366</u>
Contingent funds	10,724,058	12,369,440			
Impact fees	447,859	396,822	Long-term liabilities:		
Deposits with the City of Myrtle Beach	20,531,798	21,506,722	Revenue bonds	255,000	490,000
Total restricted assets	<u>27,206,018</u>	<u>26,341,466</u>	Contracts payable	11,433,333	12,131,667
Total current assets	<u>27,206,018</u>	<u>26,341,466</u>	Total long-term liabilities	<u>11,688,333</u>	<u>12,621,667</u>
			Total liabilities	<u>19,141,587</u>	<u>22,390,033</u>
Capital assets:					
Land	227,014	227,014	Net Assets:		
Buildings	668,218	668,218	Invested in capital assets, net of related debt	62,278,223	58,044,041
Water and sewer systems	82,310,757	73,780,438	Restricted debt service, capacity and deposits	15,902,485	14,530,805
Automotive equipment	922,135	862,804	Unrestricted	10,936,974	8,677,845
Maintenance equipment	1,875,405	1,779,680	Total net assets	<u>89,117,682</u>	<u>81,252,691</u>
Office equipment	1,510,422	1,325,788	Total liabilities and net assets	<u>\$ 108,259,269</u>	<u>\$ 103,642,724</u>
Construction in progress	1,291,603	3,045,843			
Less, accumulated depreciation	<u>88,805,554</u>	<u>81,689,785</u>			
Net capital assets	<u>(25,163,778)</u>	<u>(22,684,385)</u>			
	<u>63,641,776</u>	<u>59,005,400</u>			
Deferred charges:					
Unamortized bond issuance costs	9,552	14,763			
Unamortized cost of purchased water/sewer rights	17,401,923	18,281,095			
Total deferred charges	<u>17,411,475</u>	<u>18,295,858</u>			
Total assets	<u>\$ 108,259,269</u>	<u>\$ 103,642,724</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, 2007
 (With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Water usage fees	\$ 6,043,000	\$ 6,166,513	\$ 123,513	\$ 5,620,439
Sewer usage fees	4,350,000	4,236,309	(113,691)	3,582,574
Water taps	200,000	169,150	(30,850)	254,710
Sewer taps	150,000	51,197	(98,803)	191,022
Late payment penalties and service charges	122,000	126,010	4,010	134,644
Construction for public use	50,000	91,623	41,623	56,760
Miscellaneous	—	1,113	1,113	(6,694)
Total operating revenue	10,915,000	10,841,915	(73,085)	9,833,455
Operating Expenses				
General Government Administration				
Overhead allocation-				
General services	478,940	545,386	(66,446)	868,387
Legislative	63,398	66,601	(3,203)	69,534
Administrative	130,448	131,823	(1,375)	118,141
Legal	126,722	192,549	(65,827)	134,717
Personnel	128,838	130,484	(1,646)	99,257
Total general government administration	928,346	1,066,843	(138,497)	1,290,036
Finance				
Overhead allocation-				
Accounting	177,083	178,937	(1,854)	160,330
Information services	251,214	225,120	26,094	190,758
	428,297	404,057	24,240	351,088
Public Safety				
Overhead allocation-				
Communications	53,930	54,397	(467)	49,084
Planning/Development				
Overhead allocation-				
Code enforcement	43,659	37,068	6,591	39,551
Public Works				
Administrative:				
Personal services	620,305	626,172	(5,867)	552,096
Operating expenses	88,000	61,284	26,716	50,762
Overhead allocation	(106,246)	(102,987)	(3,259)	(90,428)
	602,059	584,469	17,590	512,430

— CONTINUED —

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 —

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Operating Expenses (Continued)				
Public Works (continued)				
Utility billing:				
Personal services	376,151	371,788	4,363	341,301
Operating expenses	100,950	99,141	1,809	103,838
Overhead allocation	(47,710)	(47,093)	(617)	(44,378)
	<u>429,391</u>	<u>423,836</u>	<u>5,555</u>	<u>400,761</u>
Wastewater treatment:				
Personal services	378,442	384,108	(5,666)	331,169
Operating expenses	909,875	1,117,990	(208,115)	735,756
	<u>1,288,317</u>	<u>1,502,098</u>	<u>(213,781)</u>	<u>1,066,925</u>
Wells/lifts maintenance:				
Personal services	571,340	559,535	11,805	525,044
Operating expenses	772,700	967,893	(195,193)	911,472
	<u>1,344,040</u>	<u>1,527,428</u>	<u>(183,388)</u>	<u>1,436,516</u>
Construction/maintenance:				
Personal services	958,925	945,472	13,453	875,482
Operating expenses	1,429,500	2,051,497	(621,997)	2,034,612
	<u>2,388,425</u>	<u>2,996,969</u>	<u>(608,544)</u>	<u>2,910,094</u>
Streets/drainage:				
Overhead allocation	214,672	207,605	7,067	172,109
Total public works	<u>6,266,904</u>	<u>7,242,405</u>	<u>(975,501)</u>	<u>6,498,835</u>
Support Services				
Overhead allocation-				
Custodial	217,845	143,058	74,787	131,243
Purchasing	55,109	201,153	(146,044)	196,643
Fleet management	117,000	56,812	60,188	49,738
Total support services	<u>389,954</u>	<u>401,023</u>	<u>(11,069)</u>	<u>377,624</u>
Depreciation and amortization expense	3,372,000	3,414,344	(42,344)	3,171,721
Total operating expenses	11,483,090	12,620,137	(1,137,047)	11,777,939
Operating income (loss)	(568,090)	(1,778,222)	(1,210,132)	(1,944,484)
Non-operating Revenue (Expenses)				
Interest earned on investments	1,128,908	1,088,896	(40,012)	894,269
Interest expense	(710,005)	(708,977)	1,028	(689,915)
Bond agent fees	(5,000)	(3,466)	1,534	(5,116)
Amortization of bond issuance costs	—	(5,210)	(5,210)	(5,210)
Restricted governmental	—	17,500	17,500	8,597
Tower rental and other	156,000	187,913	31,913	188,796
Total non-operating revenue (expenses)	<u>569,903</u>	<u>576,656</u>	<u>6,753</u>	<u>391,421</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

— CONTINUED —

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Capital Contributions				
Impact fees	4,500,000	5,421,205	921,205	5,775,298
Developer contributions	—	3,635,207	3,635,207	2,614,308
Extension fees and other	—	10,145	10,145	6,750
Total capital contributions	4,500,000	9,066,557	4,566,557	8,396,356
Change in net assets	4,501,813	7,864,991	3,363,178	6,843,293
Net assets, beginning of year	81,252,691	81,252,691	—	74,409,398
Net assets, end of year	<u>\$85,754,504</u>	<u>\$ 89,117,682</u>	<u>\$ 3,363,178</u>	<u>\$ 81,252,691</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE
BALANCE SHEET

JUNE 30, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Current assets:		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	95,293	96,430
Total current assets	<u>95,293</u>	<u>96,430</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	21,842	21,842
Vehicles and equipment	3,865,153	3,753,608
	<u>4,200,195</u>	<u>4,088,650</u>
Less, accumulated depreciation	(2,900,573)	(3,127,735)
Net capital assets	<u>1,299,622</u>	<u>960,915</u>
Total assets	<u>\$ 1,394,915</u>	<u>\$ 1,057,345</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 182,204	\$ 63,608
Accrued payroll and related taxes	28,795	25,403
Medical claims payable	12,736	3,388
Accrued compensated absences	95,403	75,045
Due to General Fund	1,144,110	1,031,084
Total current liabilities	<u>1,463,248</u>	<u>1,198,528</u>
Net assets:		
Investment in capital assets	1,299,622	960,915
Unrestricted (deficit)	(1,367,955)	(1,102,098)
Total net assets	<u>(68,333)</u>	<u>(141,183)</u>
Total liabilities and net assets	<u>\$ 1,394,915</u>	<u>\$ 1,057,345</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, 2007
(With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Solid waste user fees and penalties	\$ 2,976,000	\$ 3,133,532	\$ 157,532	\$ 2,628,832
Trash bags	12,000	17,297	5,297	17,425
Miscellaneous	—	1,205	1,205	500
Total operating revenue	<u>2,988,000</u>	<u>3,152,034</u>	<u>164,034</u>	<u>2,646,757</u>
Operating Expenses				
General government administration				
Overhead allocation -				
General services	73,683	83,906	(10,223)	133,598
Legislative	8,453	8,875	(422)	9,271
Administration	17,393	17,576	(183)	15,752
Legal	16,896	25,673	(8,777)	17,962
Personnel	51,535	52,194	(659)	39,703
Information Services	45,219	40,522	4,697	34,336
Total general government administration	<u>213,179</u>	<u>228,746</u>	<u>(15,567)</u>	<u>250,622</u>
Finance				
Overhead allocation	<u>31,875</u>	<u>32,209</u>	<u>(334)</u>	<u>28,859</u>
Public works				
Overhead allocation	<u>106,246</u>	<u>102,987</u>	<u>3,259</u>	<u>90,429</u>
Utility billings:				
Overhead allocation	<u>47,710</u>	<u>47,093</u>	<u>617</u>	<u>44,378</u>
Commercial collection:				
Personal services	226,659	240,541	(13,882)	209,054
Operating	113,750	132,450	(18,700)	126,298
	<u>340,409</u>	<u>372,991</u>	<u>(32,582)</u>	<u>335,352</u>
Transfer station:				
Personal services	148,170	163,823	(15,653)	146,007
Operating	618,100	527,475	90,625	568,905
	<u>766,270</u>	<u>691,298</u>	<u>74,972</u>	<u>714,912</u>
Residential collection:				
Personal services	621,701	622,821	(1,120)	531,188
Operating	93,690	135,351	(41,661)	140,976
	<u>715,391</u>	<u>758,172</u>	<u>(42,781)</u>	<u>672,164</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

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

— CONTINUED —

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Operating Expenses (continued)				
Public works (continued)				
Trash/litter collections:				
Personal services	162,832	164,228	(1,396)	151,767
Operating	29,200	44,420	(15,220)	35,917
	<u>192,032</u>	<u>208,648</u>	<u>(16,616)</u>	<u>187,684</u>
Beach cleaning:				
Personal services	132,494	108,606	23,888	65,861
Operating	39,250	47,528	(8,278)	36,543
	<u>171,744</u>	<u>156,134</u>	<u>15,610</u>	<u>102,404</u>
Recycling:				
Personal services	194,234	189,612	4,622	184,890
Operating	63,250	68,078	(4,828)	42,328
	<u>257,484</u>	<u>257,690</u>	<u>(206)</u>	<u>227,218</u>
Total public works	<u>2,597,286</u>	<u>2,595,013</u>	<u>2,273</u>	<u>2,374,541</u>
Support services				
Overhead allocations -				
Purchasing	17,086	15,777	1,309	15,423
Fleet management	68,887	71,015	(2,128)	62,173
Custodial	14,040	17,167	(3,127)	15,749
Total support services	<u>100,013</u>	<u>103,959</u>	<u>(3,946)</u>	<u>93,345</u>
Depreciation and amortization	<u>215,000</u>	<u>299,524</u>	<u>(84,524)</u>	<u>267,854</u>
Total operating expenses	<u>3,157,353</u>	<u>3,259,451</u>	<u>(102,098)</u>	<u>3,015,221</u>
Operating income (loss)	<u>(169,353)</u>	<u>(107,417)</u>	<u>61,936</u>	<u>(368,464)</u>
Non-operating Revenue (Expenses)				
Interest earned on investments	—	10,029	10,029	—
Restricted governmental:				
Grant - FEMA	—	—	—	61,252
Grant- SCDHEC	—	4,084	4,084	—
Total non-operating revenue (expenses)	<u>—</u>	<u>14,113</u>	<u>14,113</u>	<u>61,252</u>
Transfers				
Transfer in-Accommodations Tax Fund	<u>166,154</u>	<u>166,154</u>	<u>—</u>	<u>193,814</u>
Change in net assets	(3,199)	72,850	76,049	(113,398)
Net assets, beginning of year	<u>(141,183)</u>	<u>(141,183)</u>	<u>—</u>	<u>(27,785)</u>
Net assets, end of year	<u>\$ (144,382)</u>	<u>\$ (68,333)</u>	<u>\$ 76,049</u>	<u>\$ (141,183)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER
BALANCE SHEET

JUNE 30, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 541,857	\$ 653,939
Accounts receivable	7,453	1,044
Due from local accommodations tax fund	151,158	125,912
Total current assets	<u>700,468</u>	<u>780,895</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	1,439	1,439
Furniture and equipment	630,532	630,532
	<u>10,332,849</u>	<u>10,332,849</u>
Less, accumulated depreciation	(552,873)	(184,290)
Net capital assets	<u>9,779,976</u>	<u>10,148,559</u>
Deferred charges:		
Debt issuance costs	68,721	68,721
Less, accumulated amortization	(12,026)	(8,590)
Total deferred charges	<u>56,695</u>	<u>60,131</u>
Total assets	<u>\$ 10,537,139</u>	<u>\$ 10,989,585</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 28,281	\$ 41,956
Accrued payroll and related taxes	14,067	18,792
Medical claims payable	4,776	1,473
Accrued compensated absences	16,787	11,796
Due to General Fund	1,080,552	1,130,535
Accrued interest payable	157,992	164,341
Current portion of note obligation	322,436	309,737
Deferred revenue	257,572	239,713
Total current liabilities	<u>1,882,463</u>	<u>1,918,343</u>
Long-term liabilities:		
Note obligation	7,384,470	7,706,906
Total liabilities	<u>9,266,933</u>	<u>9,625,249</u>
Net assets:		
Invested in capital assets, net of related debt	2,073,070	1,967,575
Unrestricted (deficit)	(802,864)	(603,239)
Total net assets	<u>1,270,206</u>	<u>1,364,336</u>
Total liabilities and net assets	<u>\$ 10,537,139</u>	<u>\$ 10,989,585</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, 2007
(With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Membership fee	\$ 1,130,000	\$ 871,980	\$ (258,020)	\$ 392,049
Day membership fee	25,000	20,450	(4,550)	6,950
Employee membership fees	—	99,393	99,393	55,903
Enrollment fee	25,000	82,590	57,590	97,065
Program fee	30,000	121,178	91,178	60,955
Merchandise sales	60,000	20,380	(39,620)	16,478
Miscellaneous	5,000	640	(4,360)	1,692
Total operating revenue	<u>1,275,000</u>	<u>1,216,611</u>	<u>(58,389)</u>	<u>631,092</u>
Operating Expenses				
General government administration				
Overhead allocation -				
General services	49,122	55,937	(6,815)	89,065
Legislative	5,635	5,925	(290)	6,181
Administration	11,595	11,718	(123)	10,501
Legal	11,264	17,116	(5,852)	11,975
Personnel	25,767	26,097	(330)	19,851
Information Services	15,073	13,507	1,566	11,445
Total general government administration	<u>118,456</u>	<u>130,300</u>	<u>(11,844)</u>	<u>149,018</u>
Finance				
Overhead allocation	<u>21,250</u>	<u>21,472</u>	<u>(222)</u>	<u>19,240</u>
Parks and recreation:				
Personnel services	902,776	853,755	49,021	636,486
Operations and maintenance	549,345	487,896	61,449	450,978
Total parks and recreation	<u>1,452,121</u>	<u>1,341,651</u>	<u>110,470</u>	<u>1,087,464</u>
Support services				
Overhead allocations -				
Purchasing	17,086	15,777	1,309	15,423
Custodial	14,040	17,167	(3,127)	15,749
Total support services	<u>31,126</u>	<u>32,944</u>	<u>(1,818)</u>	<u>31,172</u>
Depreciation and amortization	<u>250,000</u>	<u>368,582</u>	<u>(118,582)</u>	<u>184,291</u>
Total operating expenses	<u>1,872,953</u>	<u>1,894,949</u>	<u>(21,996)</u>	<u>1,471,185</u>
Operating income (loss)	<u>(597,953)</u>	<u>(678,338)</u>	<u>(80,385)</u>	<u>(840,093)</u>

— 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 —

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Non-operating Revenue (Expenses)				
Interest earned on investments	40,000	25,108	(14,892)	34,454
Donation / fundraisers	118,140	43,974	(74,166)	247,782
Interest expense	(340,882)	(322,333)	18,549	(164,341)
Rental property	8,900	7,510	(1,390)	1,875
Sale of capital assets	75,000	—	(75,000)	—
Amortization of debt issuance costs	(3,436)	(3,436)	—	(3,436)
Restricted intergovernmental:				
DSS grants	25,000	28,825	3,825	124,176
Total non-operating revenue (expenses)	<u>(77,278)</u>	<u>(220,352)</u>	<u>(143,074)</u>	<u>240,510</u>
Transfers				
Transfers in:				
Accommodations tax	56,411	56,411	—	70,714
Local accommodations (1.5%) tax	633,450	748,149	114,699	694,862
Total transfers	<u>689,861</u>	<u>804,560</u>	<u>114,699</u>	<u>765,576</u>
Change in net assets	14,630	(94,130)	(108,760)	165,993
Net assets, beginning of year	<u>1,364,336</u>	<u>1,364,336</u>	<u>—</u>	<u>1,198,343</u>
Net assets, end of year	<u>\$ 1,378,966</u>	<u>\$ 1,270,206</u>	<u>\$ (108,760)</u>	<u>\$ 1,364,336</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE
BALANCE SHEET

JUNE 30, 2007

(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,000	\$ —
Receivables	4,065	—
Inventory	15,942	—
Total current assets	<u>28,007</u>	<u>—</u>
Capital assets:		
Buildings	349,890	—
Furniture and equipment	1,113,360	—
	1,463,250	—
Less, accumulated depreciation	(120,083)	—
Net capital assets	<u>1,343,167</u>	<u>—</u>
Total assets	<u>\$ 1,371,174</u>	<u>\$ —</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 169,810	\$ —
Accrued payroll and related taxes	88,356	—
Medical claims payable	1,592	—
Accrued compensated absences	1,919	—
Due to General Fund	1,758,107	—
Total current liabilities	<u>2,019,784</u>	<u>—</u>
Net assets:		
Invested in capital assets, net of related debt	1,343,167	—
Unrestricted (deficit)	(1,991,777)	—
Total net assets	<u>(648,610)</u>	<u>—</u>
Total liabilities and net assets	<u>\$ 1,371,174</u>	<u>\$ —</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, 2007
(With comparative actual amounts for June 30, 2006)

	2007		Variance Positive (Neg.)	2006
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Beach service rental	\$ 735,000	\$ 319,650	\$ (415,350)	\$ —
Food and beverage sales	655,000	72,611	(582,389)	—
Less, sales tax/hospitality fees	—	(25,807)	(25,807)	—
Miscellaneous	—	81	81	—
Total operating revenue	<u>1,390,000</u>	<u>366,535</u>	<u>(1,023,465)</u>	<u>—</u>
Operating Expenses				
Parks and recreation:				
Personnel services	513,150	448,175	64,975	—
Operations and maintenance	33,250	459,887	(426,637)	—
Total parks and recreation	<u>546,400</u>	<u>908,062</u>	<u>(361,662)</u>	<u>—</u>
Depreciation and amortization	—	120,083	(120,083)	—
Total operating expenses	<u>546,400</u>	<u>1,028,145</u>	<u>(481,745)</u>	<u>—</u>
Operating income (loss)	<u>843,600</u>	<u>(661,610)</u>	<u>(1,505,210)</u>	<u>—</u>
Non-operating Revenue (Expenses)				
Donation / fundraisers	—	13,000	13,000	—
Total non-operating revenue (expenses)	<u>—</u>	<u>13,000</u>	<u>13,000</u>	<u>—</u>
Change in net assets	843,600	(648,610)	(1,492,210)	—
Net assets, beginning of year	—	—	—	—
Net assets, end of year	<u>\$ 843,600</u>	<u>\$ (648,610)</u>	<u>\$ (1,492,210)</u>	<u>\$ —</u>

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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, 2007
(With comparative amounts for June 30, 2006)

	2007	2006
Assets		
Cash and temporary investments	\$ 12,018,497	\$ 10,238,018
Participant loans	576,670	515,175
Total assets	\$ 12,595,167	\$ 10,753,193
Net Assets		
Held in trust for employee's pension benefits	\$ 12,595,167	\$ 10,753,193

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, 2007
(With comparative amounts for June 30, 2006)

	2007	2006
Additions		
Employer contributions	\$ 679,223	\$ 606,018
Employee (member) contributions	170,144	151,492
Investment income gain/(loss)	1,478,291	698,470
Non-vested rollover and loan overpayment	23,672	37,466
Total additions	2,351,330	1,493,446
Deductions		
Benefit payments/loan issuance costs	428,152	677,273
Trustee fees	3,666	3,106
Forfeitures	77,538	—
Total deductions	509,356	680,379
Change in net assets	1,841,974	813,067
Net assets held in trust for employee's pension benefits:		
Beginning of year	10,753,193	9,940,126
End of year	\$ 12,595,167	\$ 10,753,193

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

JUNE 30, 2007
(With comparative amounts for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Assets		
Cash and temporary investments	<u>\$ 336,371</u>	<u>\$ 280,344</u>
Net Assets		
Held in trust for employee's pension benefits	<u>\$ 336,371</u>	<u>\$ 280,344</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, 2007
(With comparative amounts for June 30, 2006)

	2007	2006
Additions		
Employer contributions	\$ 12,513	\$ 9,946
Employee (member) contributions	12,513	9,946
Investment income gain/(loss)	31,001	15,670
Total additions	56,027	35,562
Deductions		
Benefit payments	—	15,030
Total deductions	—	15,030
Change in net assets	56,027	20,532
Net assets held in trust for employee's pension benefits:		
Beginning of year	280,344	259,812
End of year	\$ 336,371	\$ 280,344

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 AGENCY FUND
 FIREMEN'S FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2007

	<u>Beginning Balance 6/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 6/30/07</u>
Assets				
Cash and cash equivalents	\$ 27,637	\$ 221,884	\$ (219,555)	\$ 29,966
Liabilities				
Due to Firemen's Association	\$ 27,637	\$ 221,884	\$ (219,555)	\$ 29,966

CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS

These schedules 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, 2007
 (With comparative amounts for June 30, 2006)

	2007	2006
Governmental Funds Capital Assets		
Land	\$ 7,975,039	\$ 4,017,607
Land improvements	3,956,705	3,469,278
Buildings	16,605,612	16,320,847
Machinery and equipment	<u>12,746,961</u>	<u>11,232,956</u>
	<u>41,284,317</u>	<u>35,040,688</u>
Infrastructure:		
Roads	17,994,757	16,813,367
Drainage systems	18,857,611	11,720,596
Developer contributions – roads	6,167,026	4,059,234
Sidewalks	1,493,021	1,493,021
Street lighting and other	415,851	397,873
	<u>44,928,266</u>	<u>34,484,091</u>
Construction in progress	<u>269,855</u>	<u>6,178,989</u>
Total governmental funds capital assets	<u>\$ 86,482,438</u>	<u>\$ 75,703,768</u>
Investment in Governmental Funds Capital Assets by Source		
General Obligation Bonds	\$ 13,286,470	\$ 13,286,470
General Fund Revenue	59,659,693	51,622,280
Special Revenue Funds	6,691,783	6,691,783
Gifts and contributions from developers	<u>6,844,492</u>	<u>4,103,235</u>
Total investment in governmental funds capital assets	<u>\$ 86,482,438</u>	<u>\$ 75,703,768</u>

VICTIMS' RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
 YEAR ENDED JUNE 30, 2007

	2007
Court Fines and Assessments	
Court fines and assessments collected	\$ 1,382,831
Court fines and assessments remitted to State Treasurer	(524,408)
Total court fines and assessments retained	\$ 858,423
Surcharges and Assessments Retained for Victims Service	
Total surcharges collected	\$ 28,441
Total assessments	24,068
Total surcharges and assessments	\$ 52,509
Funds Allocated to Victims Service	
Carryover funds from prior year	\$ 82,990
Surcharges and assessments retained	52,509
Expenditures for victims service	(60,234)
Total unexpended victims rights assistance funds	\$ 75,265

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)..... 96-102

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 IV-IX)..... 103-106

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)..... 107-111

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)..... 112-114

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)..... 115-116

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TABLE I

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NET ASSETS BY COMPONENT
(Accrual basis of accounting)

LAST SIX FISCAL YEARS

	2007	2006	2005	2004	2003	2002
Governmental Activities						
Invested in capital assets, net of related debt	\$ 54,648,649	\$ 47,153,263	\$ 39,973,658	\$ 40,839,787	\$ 35,428,857	\$ 30,947,802
Restricted	295,569	1,063,240	1,048,601	1,098,748	1,141,465	1,734,199
Unrestricted	12,810,362	11,666,720	13,011,400	6,841,785	8,274,940	8,258,264
Total governmental activities net assets	\$ 67,754,580	\$ 59,883,223	\$ 54,034,659	\$ 48,780,320	\$ 44,845,262	\$ 40,940,265
Business-type Activities						
Invested in capital assets, net of related debt	\$ 66,994,082	\$ 60,972,531	\$ 56,752,917	\$ 54,705,351	\$ 49,616,367	\$ 48,425,947
Restricted	15,902,485	14,530,805	11,100,189	8,755,316	12,604,894	11,183,918
Unrestricted	6,774,378	6,972,508	7,726,850	8,537,750	2,809,111	3,004,937
Total business-type activities net assets	\$ 89,670,945	\$ 82,475,844	\$ 75,579,956	\$ 71,998,417	\$ 65,030,372	\$ 62,614,802
Primary Government						
Invested in capital assets, net of related debt	\$ 121,642,731	\$ 108,125,794	\$ 96,726,575	\$ 95,545,138	\$ 85,045,224	\$ 79,373,749
Restricted	16,198,054	15,594,045	12,149,790	9,854,064	13,746,369	12,918,117
Unrestricted	19,584,740	18,639,228	20,738,250	15,379,535	11,084,051	11,263,201
Total primary government net assets	\$ 157,425,525	\$ 142,359,067	\$ 129,614,615	\$ 120,778,737	\$ 109,875,634	\$ 103,555,067

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 SIX FISCAL YEARS

	2007	2006	2005	2004	2003	2002
Expenses						
Governmental activities:						
General Government	\$ (34,011)	\$ 1,161,528	\$ 1,459,140	\$ 1,548,044	\$ 1,625,528	\$ 1,254,936
Finance	901,788	780,200	747,756	685,707	615,604	495,969
Public Safety	10,011,477	9,363,496	8,870,555	7,898,923	7,542,528	6,771,191
Planning and Development	1,473,242	1,464,816	1,315,645	1,121,542	1,031,627	964,970
Public Works	4,116,534	1,815,327	2,736,392	2,159,477	1,398,521	5,561,034
Parks and Recreation	2,764,956	2,594,537	2,403,297	1,988,628	2,130,942	1,951,975
Support Services	624,342	571,110	475,183	611,112	386,769	289,825
Debt service - interest	445,674	375,076	546,175	306,896	541,585	659,225
Depreciation (unallocated)	3,226,639	2,685,978	2,588,902	2,407,554	2,242,844	1,895,985
Total governmental activities	\$ 23,530,641	\$ 20,812,068	\$ 21,143,045	\$ 18,727,883	\$ 17,515,948	\$ 19,845,110
Business-type activities:						
Water and sewer utility	\$ 13,337,790	\$ 12,478,180	\$ 11,430,356	\$ 10,015,661	\$ 9,515,558	\$ 8,506,615
Solid waste	3,259,451	3,015,221	2,872,433	2,723,065	2,593,302	2,649,677
Aquatic Center	2,220,718	1,638,962	163,149	35,985	-	-
Beach Services	1,028,145	-	-	-	-	-
Total business type-activities	\$ 19,846,104	\$ 17,132,363	\$ 14,465,938	\$ 12,774,711	\$ 12,108,860	\$ 11,156,292
Total primary government expenses	\$ 43,376,745	\$ 37,944,431	\$ 35,608,983	\$ 31,502,594	\$ 29,624,808	\$ 31,001,402
Program Revenue						
Governmental activities:						
Fees for services	\$ 3,908,916	\$ 2,838,608	\$ 3,606,213	\$ 3,005,719	\$ 3,039,103	\$ 2,649,658
Operating grants and contributions	2,099,130	61,404	154,959	1,205,168	893,912	2,128,113
Capital grants and contributions	1,125,000	587,704	2,998,980	768,155	61,315	136,210
Total primary government net assets	\$ 7,133,046	\$ 3,487,716	\$ 6,760,152	\$ 4,979,042	\$ 3,994,330	\$ 4,913,981
Business-type activities						
Fees for services	\$ 15,772,518	\$ 13,301,975	\$ 11,810,323	\$ 11,154,342	\$ 10,716,630	\$ 9,314,791
Operating grants and contributions	107,383	194,025	-	378,151	-	-
Capital grants and contributions	9,066,557	8,644,138	5,040,737	7,498,495	3,264,897	5,897,616
Total business-type activities	\$ 24,946,458	\$ 22,140,138	\$ 16,851,060	\$ 19,030,988	\$ 13,981,527	\$ 15,212,407
Total primary government program revenue	\$ 32,079,504	\$ 27,271,709	\$ 23,611,212	\$ 24,010,030	\$ 17,975,857	\$ 20,126,388

TABLE II (cont'd)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET ASSETS
(Accrual basis of accounting)

LAST SIX FISCAL YEARS

	2007	2006	2005	2004	2003	2002
General Revenues and Transfers						
Governmental activities:						
Property taxes	\$ 8,569,450	\$ 7,440,462	\$ 6,883,489	\$ 6,453,278	\$ 6,445,385	\$ 5,701,861
Accommodations and hospitality taxes	6,670,715	6,246,427	5,446,357	3,180,602	3,172,527	2,649,080
State shared taxes - unrestricted	820,197	955,045	891,991	2,452,909	1,572,791	1,719,053
Business licenses and franchise taxes	8,190,225	7,234,776	6,186,665	4,928,605	4,374,125	4,062,520
Unrestricted investment earnings	893,930	676,842	901,987	817,312	1,970,661	6,281,584
Miscellaneous	95,149	(65,101)	34,804	208,987	16,126	1,193,796
Transfers in/(out)	(970,714)	(959,390)	(708,061)	(357,794)	(125,000)	(312,300)
Total governmental activities	\$ 24,268,952	\$ 21,529,061	\$ 19,637,232	\$ 17,683,899	\$ 17,426,615	\$ 21,295,594
Business-type activities:						
Unrestricted investment earnings	\$ 1,124,033	\$ 928,723	\$ 327,142	\$ 201,315	\$ 293,442	\$ 416,260
Miscellaneous	-	-	161,124	152,659	124,461	110,537
Transfers in/(out)	970,714	959,390	708,061	357,794	125,000	312,300
Total business-type activities	\$ 2,094,747	\$ 1,888,113	\$ 1,196,327	\$ 711,768	\$ 542,903	\$ 839,097
Total primary government general revenue and other changes	\$ 26,363,699	\$ 23,417,174	\$ 20,833,559	\$ 18,395,667	\$ 17,969,518	\$ 22,134,691
Changes in Net Assets						
Governmental activities:						
Business-type activities	\$ 7,871,357	\$ 5,848,564	\$ 5,254,339	\$ 3,935,058	\$ 3,904,997	\$ 6,364,465
Total primary government changes in net assets	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	\$ 15,066,458	\$ 8,835,878	\$ 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 SIX FISCAL YEARS

	2007	2006	2005	2004	2003	2002
Function/Program						
Governmental Activities:						
General Government	\$ 143,588	\$ 31,045	\$ 14,050	\$ 12,641	\$ 13,607	\$ 11,260
Finance	-	-	-	-	-	-
Public Safety	1,075,873	765,829	674,464	563,149	1,015,492	1,076,764
Planning and Development	-	-	1,206,264	948,572	661,942	584,555
Public Works	5,845,576	2,473,145	4,744,984	3,323,816	2,087,037	1,525,983
Parks and Recreation	68,009	217,697	95,590	130,864	216,252	1,715,419
Support Services	-	-	24,800	-	-	-
Debt service - interest	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-
Total governmental activities	\$ 7,133,046	\$ 3,487,716	\$ 6,760,152	\$ 4,979,042	\$ 3,994,330	\$ 4,913,981
Business-type activities						
Water and sewer utility	\$ 20,113,885	\$ 18,427,204	\$ 14,060,107	\$ 16,390,619	\$ 11,667,124	\$ 13,269,057
Solid waste	3,156,118	2,708,009	2,600,664	2,196,194	2,314,403	1,943,350
Aquatic Center	1,296,920	1,004,925	190,289	444,175	-	-
Beach Services	379,535	-	-	-	-	-
Total business-type activities	\$ 24,946,458	\$ 22,140,138	\$ 16,851,060	\$ 19,030,988	\$ 13,981,527	\$ 15,212,407
Total program revenue by function and program	\$ 32,079,504	\$ 25,627,854	\$ 23,611,212	\$ 24,010,030	\$ 17,975,857	\$ 20,126,388

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

TABLE IV

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

FUND BALANCES
GOVERNMENTAL FUNDS
(Modified accrual basis of accounting)

LAST SIX FISCAL YEARS

	2007	2006	2005	2004	2003	2002
General Fund						
Reserved	\$ 383,561	\$ 384,862	\$ 334,518	\$ 469,348	\$ 333,134	\$ 424,225
Unrestricted	11,127,279	12,796,645	10,077,585	8,371,324	7,246,842	8,133,014
Total general fund	\$ 11,510,840	\$ 13,181,507	\$ 10,412,103	\$ 8,840,672	\$ 7,579,976	\$ 8,557,239
All Other Governmental Funds						
Reserved, reported in:						
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service funds	-	-	-	-	-	-
Capital projects funds	153,754	881,417	895,201	934,007	927,187	1,413,102
Unreserved, reported in:						
Special revenue funds	700,841	505,661	276,707	(748,534)	2,652,323	1,533,842
Capital projects funds	1,311,447	93,963	398,853	(475,026)	(1,294,144)	(1,152,283)
Total all other governmental funds	\$ 2,166,042	\$ 1,481,041	\$ 1,570,761	\$ (289,553)	\$ 2,285,366	\$ 1,794,661
Total primary government	\$ 13,676,882	\$ 14,662,548	\$ 11,982,864	\$ 8,551,119	\$ 9,865,342	\$ 10,351,900
Primary Government						
Invested in capital assets, net of related debt	\$ 121,642,731	\$ 108,125,794	\$ 96,726,575	\$ 95,545,138	\$ 85,045,224	\$ 79,373,749
Restricted	16,198,054	15,594,045	12,149,790	9,854,064	13,746,359	12,918,117
Unrestricted	19,584,740	18,639,228	20,738,250	15,379,535	11,084,051	11,263,201
Total primary government net assets	\$ 157,425,525	\$ 142,359,067	\$ 129,614,615	\$ 120,778,737	\$ 109,875,634	\$ 103,555,067

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

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

LAST SIX FISCAL YEARS

	2007	2006	2005	2004	2003	2002
Revenue						
Property taxes:						
Current property taxes	\$ 8,312,388	\$ 7,504,632	\$ 6,634,370	\$ 6,374,997	\$ 5,690,453	\$ 6,673,734
Delinquent property taxes	173,607	145,756	39,194	78,281	161,604	140,536
Licenses and permits	9,208,744	8,878,631	7,392,929	8,940,899	8,094,828	7,296,155
Fines and forfeitures	946,703	667,589	559,298	443,370	624,318	507,169
Use of money and property	893,930	745,955	901,987	182,466	374,655	550,477
Unrestricted intergovernmental	970,104	955,045	891,991	820,928	593,328	606,644
Restricted intergovernmental	8,619,938	6,895,535	6,908,439	3,722,184	2,712,355	4,064,091
Sales and service charges	1,986,791	2,101,906	3,512,184	1,730,383	1,676,386	2,501,429
Miscellaneous	1,177,052	13,474	29,128	18,999	79,705	65,462
Total revenue	\$ 32,289,257	\$ 27,908,523	\$ 26,869,520	\$ 22,312,507	\$ 20,007,632	\$ 22,405,697
Expenditures						
Current:						
General Government/Administration	\$ (66,549)	\$ 1,031,253	\$ 1,459,140	\$ 1,548,044	\$ 1,625,528	\$ 1,231,814
Finance	901,788	780,200	747,756	685,707	615,604	495,969
Public Safety	10,011,477	9,363,496	8,870,555	7,898,923	7,542,528	6,771,191
Planning and Development	1,473,242	1,464,816	1,315,645	1,121,542	1,031,627	964,970
Public Works	7,023,921	5,899,802	9,237,747	7,756,124	3,266,970	6,674,278
Parks and Recreation	2,764,956	2,594,537	2,403,297	1,988,628	2,130,942	1,951,975
Support Services	624,342	571,110	475,183	449,463	393,686	289,825
Debt service:						
Principal	1,947,568	1,934,661	1,913,040	1,037,000	965,000	3,033,692
Interest	463,741	438,980	578,583	306,896	676,296	543,437
Capital outlay	7,879,003	3,849,922	782,834	667,157	2,147,009	1,609,741
Total expenditures	\$ 33,023,489	\$ 27,928,777	\$ 27,783,780	\$ 23,459,484	\$ 20,395,190	\$ 23,566,892

CONTINUED

TABLE V (cont'd)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

(Modified accrual basis of accounting)

LAST SIX FISCAL YEARS

	2007	2006	2005	2004	2003	2002
Other Financing Sources (Uses)						
Bond Issuance	\$ -	\$ 1,975,000	\$ 8,000,000	\$ -	\$ 1,471,000	\$ -
Payment to refunded bond escrow agent	-	-	-	-	(1,445,000)	-
Transfers in	7,389,392	5,909,338	5,497,829	1,240,194	1,800,393	2,496,055
Transfers (out)	(8,360,106)	(6,868,728)	(6,748,216)	(1,407,440)	(1,925,393)	(2,808,355)
Total other financing sources (uses)	\$ (970,714)	\$ 1,015,601	\$ 6,749,613	\$ (167,246)	\$ (99,000)	\$ (312,300)
Net change in fund balances	\$ (1,704,946)	\$ 995,356	\$ 5,835,353	\$ (1,314,223)	\$ (486,558)	\$ (1,473,495)
Fund balances, beginning of year	15,381,828	14,386,472	8,551,119	9,865,342	10,351,900	11,825,395
Fund balances, end of year	\$ 13,676,882	\$ 15,381,828	\$ 14,386,472	\$ 8,551,119	\$ 9,865,342	\$ 10,351,900
Ratio of Debt Service to General Government Expenditures	10.91%	10.94%	10.17%	6.27%	9.88%	19.46%

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

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real and Personal Property</u>			<u>Less: Tax-Exempt</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>\$</u>					
1998	\$ 85,343,134	\$ 17,472,740	\$ 958,749	\$ 101,857,125	0.0480	\$ 16,976,000,000	6.0	
1999	90,933,427	19,686,817	1,008,556	109,611,688 ⁽¹⁾	0.0480	2,331,360,000	6.0	
2000	116,973,404	23,876,992	997,812	139,852,584	0.0387	2,331,360,000	6.0	
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 ⁽¹⁾	0.0357	3,139,826,000	6.0	
2006	216,193,479	46,475,103	2,933,728	259,734,854	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	

⁽¹⁾ Reassessment performed by Horry County.

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>
1998	48.0	46.6	128.3	1.0	223.9
1999	48.0	46.6	128.3	1.0	223.9
2000	38.7	40.2	113.0	0.7	192.6
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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PRINCIPAL PROPERTY TAX PAYERS

YEARS 2007 AND 1998

Taxpayer	Type of Business	2007			1998		
		Assessment	Rank	Percentage of Total Assessed Valuation	Assessment	Rank	Percentage of Total Assessed Valuation
Patten Resorts, Inc.	Condos - Shorecrest	\$ 2,472,288	1	0.91%	-	-	-
Lawyers Title Insurance Corp.	Condominium	2,116,632	2	0.80%	650,712	3	0.64%
THF Gator Hole	Commercial	1,791,606	3	0.68%	-	-	-
Fairfield Resorts	Condos	1,618,746	4	0.60%	-	-	-
Centex Homes	Residential Development	1,613,100	5	0.58%	-	-	-
Barefoot Properties	Commercial - Retail	1,553,220	6	0.45%	-	-	-
Centex Homes	Condos	1,481,184	7	0.42%	-	-	-
Barefoot Resort Golf Club II LLC	Golf Course	1,001,148	8	0.40%	990,528	1	0.97%
Coastal Resort Holding LLC	Residential Development	920,028	9	0.39%	-	-	-
Worley, Harold G.	Commercial	829,518	10	0.37%	257,972	12	0.25%
Barefoot Retail Partners I, LLC	Commercial	728,862	11	0.33%	437,628	7	0.43%
Boulineau's Inc/Frank & Elizabeth	Commercial/Residential	721,661	12	0.33%	-	-	-
Avista Development LLC	Golf Course/Residential	655,974	13	0.29%	821,798	2	0.84%
Surfwood Plaza LLC	Commercial	653,082	14	0.26%	380,814	9	0.37%
Dye Course @ Barefoot Resort II LLC	Golf Course	543,030	15	0.26%	-	-	-
David E. Martin Trustee	Multi-Family Residential	481,362	16	0.26%	-	-	-
Peppertree Resort Villas	Multi-Family Residential	457,554	17	0.25%	235,878	13	0.23%
Hillside Development LLC	Residential Development	445,518	18	0.24%	-	-	-
Defender Development	Multi-Family Residential	442,860	19	0.22%	484,770	5	0.48%
McGonigal Investment Group, LLC	Hotel/Motel	424,248	20	0.21%	-	-	-
Southern Land & Golf (Tidewater)	Golf Course/Residential	-	-	-	783,270	2	0.77%
LLI Partnership	Multi-Family Residential	-	-	-	603,990	4	0.59%
Elliott Hoking Co. LLC	Commercial/Undeveloped	-	-	-	444,114	6	0.44%
Briarcliffe RV Resort, Inc.	Campground/Commercial	-	-	-	413,724	8	0.41%
Tilghman, Merrill William	Commercial/Undeveloped	-	-	-	349,459	10	0.34%
Total		\$ 20,951,621		7.51%	6,854,657		6.73%

Note: City of North Myrtle Beach Revenue Division.

TABLE IX

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS (1)

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Estate	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
1998	\$ 4,889,142	\$ 4,658,990	95.3%	\$ 90,604	\$ 4,749,594	97.1%
1999	5,261,361	4,985,100	94.9%	88,411	5,083,511	96.6%
2000	5,412,295	5,306,655	98.0%	62,970	5,369,625	99.2%
2001	5,295,660 (1)	5,070,637	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) (2)	6,452,638	97.3%
2006	7,921,913 (3)	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%

(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.

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	Accrued Compensated Absences	Water and Sewer System Revenue Bonds	Water and Sewer Contracts Payable	Aquatic Center Enterprise Fund					
1998	\$ 5,645,000	-	\$ 174,940	\$ 2,170,000	\$ 18,121,667	-	-	\$ 26,111,607	8.91%	2,344	
1999	5,110,000	-	225,043	2,035,000	17,530,000	-	-	24,900,043	8.21%	2,175	
2000	4,540,000 (1)	-	212,072	1,890,000	16,905,000	-	-	23,547,072	7.95%	2,146	
2001	8,355,000	-	220,527	1,735,000	16,255,000	-	-	26,565,527	8.51%	2,379	
2002	7,425,000	-	243,649	1,585,000	15,638,501	-	-	24,892,150	7.64%	2,183	
2003	6,486,000	-	352,520	1,385,000	14,873,333	-	-	23,096,853	6.75%	1,984	
2004	5,449,000	-	298,560	1,170,000	14,135,000	8,600,000	-	29,652,560	8.14%	2,495	
2005	4,378,000	8,000,000	470,890	950,000	13,418,333	8,314,181	-	35,531,404	9.18%	2,928	
2006	3,254,000	9,089,239	511,457	725,000	12,790,000	8,016,643	-	34,386,339	8.36%	2,776	
2007	2,588,000	6,951,749	633,703	490,000	12,131,666	7,706,906	-	30,502,024	6.98%	2,412	

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

(1) The Tax Increment Financing (TIF) Revenue Bond is included in this total for General Obligation Bonds.

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>
1998	\$ 5,645,000	5.54%	\$ 506.82
1999	5,110,000	4.66%	446.41
2000 ⁽²⁾	4,540,000	3.25%	414.99
2001	8,355,000 ⁽¹⁾	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%	282.65
2007	2,588,000	0.93%	204.62

(1) Includes the 2000 General Obligation Public Building Bond in the amount of \$4,340,000.

(2) 2000 Census.

TABLE XII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 JUNE 30, 2007

<u>Jurisdiction</u>	<u>Assessed Value</u>	<u>General Bonded Debt Outstanding</u>			<u>Amount Applicable to the City of Outstanding ⁽²⁾</u>
		<u>General Obligation Bond Principal Outstanding ⁽¹⁾</u>	<u>Percentage Applicable to the City of North Myrtle Beach</u>	<u>Amount</u>	
City of North Myrtle Beach	\$ 278,998,134	\$ 2,588,000	100.00%	\$ 2,588,000	
Horry County	1,611,018,856	67,077,000	17.32%	11,617,736	
Horry County School District	1,611,018,856	400,530,000	17.32%	69,371,796	
Total overlapping general bonded debt		<u>\$ 470,195,000</u>		<u>\$ 83,577,532</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.

TABLE XIII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2007	2006	2005	2004	2003	2002	2001	2000	1999
Total Assessed Valuation	\$ 278,998,134	\$ 259,734,854	\$ 189,408,997	\$ 183,940,644	\$ 165,960,588	\$ 159,853,501	\$ 148,337,815	\$ 139,852,594	\$ 109,611,868
Maximum General Obligation									
Obligation Debt limited to									
8% of total assessed									
valuation ⁽¹⁾	22,319,851	20,778,788	15,152,800	14,715,252	13,276,847	12,788,280	11,867,025	11,188,207	8,148,57
Outstanding bonds									
chargeable to bond									
limit ⁽²⁾	<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>	<u>4,540,000</u>	<u>5,110,000</u>
Legal debt margin	\$ <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>5,363,289</u>	\$ <u>3,51,205</u>	\$ <u>6,648,207</u>	\$ <u>3,658,935</u>
Total net debt applicable to									
the limit as a percentage									
of debt limit	11.6%	28.9%	28.9%	37.0%	48.9%	58.1%	70.4%	40.6%	69.3%

(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.

TABLE XIV

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 (1)	Operating and Maintenance Expenses (2)	Net Revenue Available for Debt Service	Total Debt Service Requirements (3)		Dept Service Coverage
				Principal	Interest	
1998	\$ 7,296,820	\$ 4,595,543	\$ 2,701,277	\$ 445,000	\$ 1,093,421	1.76%
1999	7,742,349	5,022,588	2,719,761	726,667	1,066,838	1.52%
2000	8,520,970	5,698,032	2,822,938	770,000	1,068,097	1.54%
2001	8,406,450	5,790,377	2,616,073	805,000	1,101,014	1.37%
2002	7,767,440	5,422,696	2,344,744	838,333	987,628	1.28%
2003	8,820,130	6,439,433	2,380,697	965,168	822,544	1.33%
2004	9,335,124	6,625,984	2,709,140	953,333	795,528	1.55%
2005	10,027,816	7,632,393	2,395,423	936,667	805,100	1.38%
Water and Sewer Stormwater (3)	1,606,960	-	1,606,960	853,040	314,604	1.37%
2006	11,730,817	8,606,218	3,124,599	853,333	700,241	2.01%
Water and Sewer Stormwater	1,711,205	-	1,711,205	810,661	234,339	1.64%
2007	12,136,224	9,205,793	2,930,431	893,333	708,977	1.83%
Water and Sewer Stormwater	1,647,144	-	1,647,144	919,737	220,263	1.44%

(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.

TABLE XV

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROPERTY VALUES AND CONSTRUCTION

LAST TEN FISCAL YEARS

Fiscal Year Ended <u>June 30</u>	Total Estimated Actual Value Amounts in 000's ⁽¹⁾	Single Family Units ⁽²⁾	Construction		Multi- Family Construction	Units	Commercial Construction		Total Construction
			Construction	Units			Construction	Units	
1998	\$ 1,697,600	206	\$ 22,121,559	512	\$ 54,082,311	27	\$ 13,883,320	\$ 90,087,190	
1999	1,826,800	207	23,975,693	613	67,498,050	34	25,344,005	116,817,748	
2000	2,331,360 ⁽³⁾	196	25,778,812	739	68,335,351	19	8,163,347	102,277,510	
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	24,268,881	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 ⁽³⁾	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	241,426,162	

(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.

TABLE XVI

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

Calendar Year	Population	Total Personal Income (amounts in thousands)		Per Capita Personal Income ⁽¹⁾	Horry County Unemployment Rate ⁽²⁾
		Income (amounts in thousands)	Percentage		
1998	11,138	\$ 292,918	\$	26,299	2.7%
1999	11,447	303,185		26,486	2.7%
2000	10,974	296,364		27,006	3.2%
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%

INCOME	2007	
	Horry County	North Myrtle Beach
	Number	Percentage
\$0 - \$10,000	7,254	8.9%
10,000 - 14,999	5,413	6.6%
15,000 - 24,999	12,689	15.5%
25,000 - 34,999	13,677	16.7%
35,000 - 49,999	15,454	18.9%
50,000 - 74,999	15,647	19.1%
75,000 - 99,999	5,828	7.1%
100,000 - 149,999	3,975	4.9%
150,000 - 199,999	753	0.9%
200,000 and over	1,095	1.4%
	81,785	100.00%
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 1998 through 1999 and 2001 through 2007 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.

CITY OF NORTH MYRTLE BEACH
 PRINCIPAL EMPLOYERS
 (TEN LARGEST)

<u>Rank</u>	<u>Employer</u>	<u>Number of Employees</u>
1	Wal-Mart	397
2	Wyndham Sales & Marketing	365
3	City of North Myrtle Beach	332
4	House of Blues	225
5	Boulineau's Inc.	200
6	Avista	200
7	Baywatch Resort	189
8	Bi-Lo (2 stores)	165
9	Lowes	158
10	Wyndham Resort	150
Total Employment City of North Myrtle Beach		9,355 ⁽¹⁾

Note: The City did not previously prepare this schedule and chooses to implement such data prospectively. No employer information is available for 1998.

⁽¹⁾ Total Employment was provided by the U.S. Census Bureau as of 2005 which is the latest data available.

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

Employees by Function/Program	<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
Administrative	14	11	10.5	10.5	9.5	8.5
City Court	5.5	5	5	4	4	4
Information Services	6	5	5	4	4	4
Finance						
Accounting/Revenue	10	9.5	9.5	9.5	9	9
Public Safety						
Administration	11	11	12	12	13	12
Detectives	10.5	10.5	10.5	9.5	9.5	9.5
Public Safety & Fire Officials	129	125.5	118.5	113.5	112.5	111.5
Planning & Community Development						
Administration	10	10	10	9	8	8
Inspection Services	11	9	7	7	8	8
Public Works						
Streets / Drainage	18	18	17	17	17	17
Parks and Recreation						
Parks & Grounds	12	11	10.5	10.5	10	9
Other Recreation Activities	6.5	6.5	6.5	6.5	6	6
Support Services						
Purchasing	7	7	6	6	6	5
Fleet Maintenance	5	5	5	5	5	5
Custodial & Facility Maintenance	4	4	4	4	4	3
<u>Business-type Activities:</u>						
Parks and Recreation						
Aquatic & Fitness Center	27	22	-	-	-	-
Beach Services	14	-	-	-	-	-
Water & Sewer Utility						
Administration	12	12	12	12	11.5	11
Wastewater Treatment	6	6	6	5	5	5
Wells/Lifts Maintenance	9	9	9	9	9	8
Construction Maintenance	19	17	17	17	17	14
Solid Waste Utility						
Administration	4	4	4	4	4	3.5
Sanitation Services	<u>29</u>	<u>26</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>24</u>
GRAND TOTALS	<u>387.5</u>	<u>352</u>	<u>318</u>	<u>308</u>	<u>305</u>	<u>293</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST SIX FISCAL YEARS

	2007	2006	2005	2004	2003	2002
Administration						
Equipment	2,278,569	2,044,327	2,043,375	1,973,002	1,698,045	1,576,147
Buildings & Improvements	7,108,722	6,823,957	6,823,957	6,823,957	6,823,957	5,797,809
Land	5,523,656	1,566,224	762,903	762,903	762,903	350,094
Public Safety						
Equipment	8,235,022	7,351,708	5,786,124	5,473,139	5,378,023	5,354,838
Buildings & Improvements	7,699,955	7,699,955	7,699,955	6,193,839	6,193,839	6,193,839
Land	351,143	351,143	351,142	351,142	351,142	326,142
Parks & Recreation						
Parks	2,626,452	2,139,025	2,081,994	2,081,994	1,913,630	1,799,448
Equipment	667,421	638,067	485,091	456,584	471,151	444,428
Buildings	1,794,760	1,794,760	1,794,760	1,794,760	1,760,127	1,725,939
Land	2,100,240	2,100,240	2,100,240	2,100,240	2,100,240	2,100,240
Public Works						
Infrastructure:						
Roads	17,994,757	16,813,367	15,640,508	15,407,904	14,908,508	14,118,503
Drainage Systems	18,857,611	11,720,596	11,465,049	5,581,015	5,581,015	5,015,733
Developer Contributions - Road and Drainage	6,167,026	4,059,234	4,059,234	4,014,234	3,306,006	1,710,000
Sidewalks	1,493,021	1,493,021	1,395,972	1,219,371	1,131,976	948,878
Street Lighting and other	415,851	397,873	224,102	170,220	170,220	160,505
Equipment	1,565,951	1,198,854	1,073,976	912,974	860,050	787,963
Buildings	1,332,428	1,332,428	1,332,428	763,102	763,102	763,102

Note: The City did not previously prepare this schedule and chooses to implement such data prospectively. No capital asset indicators available for the general finance, planning and community development, nondepartmental and support services functions.

