

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2008

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2008

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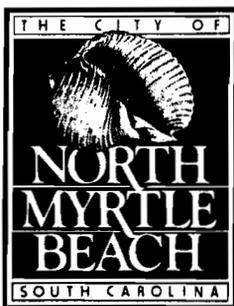
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INTRODUCTORY SECTION

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December 15, 2008

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

We are pleased to present the Comprehensive Annual Financial Report of the City of North Myrtle Beach, South Carolina for the Fiscal Year Ended June 30, 2008. This report has been prepared in conformity with generally accepted accounting principle (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accounting firm.

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

In accordance with Section 5-13-30 of the South Carolina Code of Laws, an annual audit was performed by Robert E. Milhous, C.P.A.; P.A., a firm of licensed certified public accounts. The goal of the independent audit was to provide reasonable assurance that the Financial Statements are free of material misstatement. The auditor's report in the Financial Section provides a discussion of the audit and its procedures. The independent auditor has rendered an unqualified opinion that the City of North Myrtle Beach's financial statements for the fiscal year ended June 30, 2008, are fairly presented in accordance with GAAP.

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

## **PROFILE OF THE GOVERNMENT**

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

on May 7, 1968. The charter provides for a Council-Manager form of government. Legislative authority is vested in the Mayor and six Council members; provided, one council member shall be a resident of the Crescent Beach Ward, one a resident of the Cherry Grove Ward, one a resident of the Ocean Drive Ward, and one a resident of the Windy Hill Ward. The terms of office are for four years each. The present term for council members from the Cherry Grove and Crescent Beach Wards will expire during November 2011. The present term of the Mayor and the councilmembers from the Ocean Drive and Windy Hill Wards will expire during November 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 slowing going into 2009. Indicators such as water usage, hospitality fees, and accommodations tax receipts are decreasing from 2 to 5% on an annual basis. Other factors such as property taxes continue to show an ever-increasing tax base as of this writing.

The construction industry is the one area that has experienced a significant slow down over the last year. A total of \$33,303,901 of permitted construction for residential has occurred over the first four months of FY 2009. This represents a decrease of 21% under the previous fiscal year. Major development continues to occur throughout the City, with continued development of Barefoot Landing Resort which encompasses 5 square miles on the west side of the Intracoastal Waterway, and the redevelopment of the Gator Hole Golf Course and ocean front property. Citywide construction has slowed significantly, but single family residential construction is still occurring at a reasonable pace.

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

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

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

General Fund Revenues are projected to remain stable through 2010. The only planned bond issue for the current year is the reimbursement bonds for the Parkway Group for the 31 and Water Tower Road Interchange. This issue will be well within the City's Debt Limit and will use Admissions Tax receipts to help payoff this bond issue over its ten year life.

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

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

### **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, 2008 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 3%.

### **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 \$935,974 of which the employer contributed \$748,779 and the employees contributed \$187,195. The employer provides 8%, while the employee pays 2%. The plan had an ending net asset of \$12,145,257.

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 \$11,278 and employee contributions were \$11,278. Year-end net assets for the plan were \$342,432.

### **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 2008.

### **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, 2007

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.



*Oliver S. Cox*

President

*Jeffrey R. Emery*

Executive Director

City of North Myrtle Beach, South Carolina

**PRINCIPAL OFFICIALS**

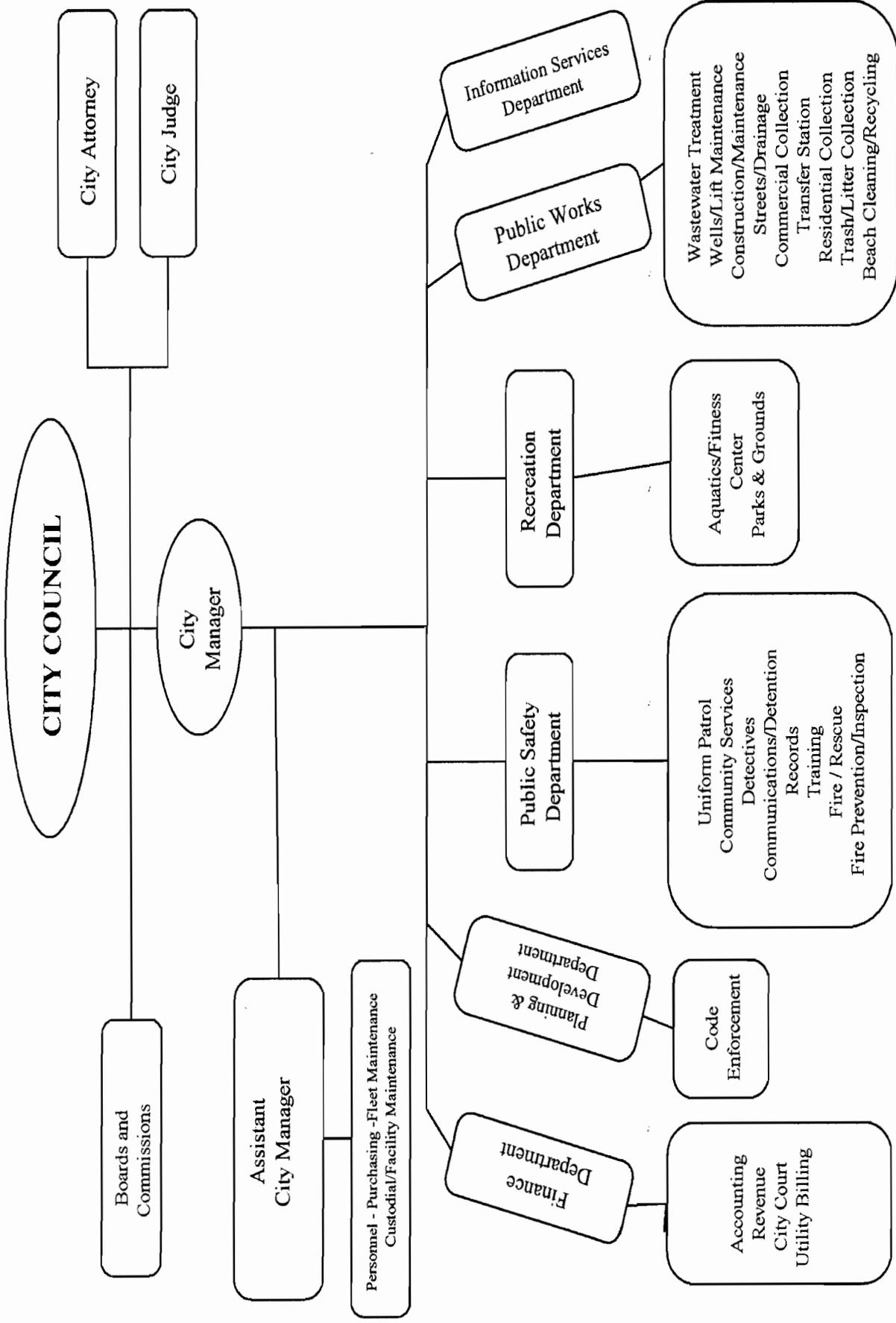
**June 30, 2008**

**Elected**

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

**Appointed**

City Manager ..... John H. Smithson  
Assistant City Manager ..... Vacant  
Finance Director ..... Randy J. Wright  
Information Services Director ..... Patrick Wall, Jr.  
Interim Parks and Recreation Director ..... Jim Grainger  
Planning and Development Director ..... James W. Wood  
City Engineer/Public Works Director ..... Kevin D. Blayton  
Public Safety Director ..... William H. Bailey, Jr.



FINANCIAL SECTION

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*  
Phone: (843) 488-5301

## 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, 2008, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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, 2008, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 16, 2008, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

— CONTINUED —



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.

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 section of this report, and accordingly, do not express an opinion or any other form of assurance on this information.



December 16, 2008  
Columbia, South Carolina

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2008**

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, 2008. 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, 2008 were \$200.5 million and exceeded total liabilities by \$163.3 million. Of the total net assets at June 30, 2008, \$19.5 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 \$5.9 million for the year ended June 30, 2008. The Governmental activities contributed \$4.3 million and the Business-type activities contributed the remainder of the net change in net assets of \$1.6 million, which was funded almost entirely by capital contributions received during the year.

**Overview of the Financial Statements**

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

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

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

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported on the accrual basis (as soon as the underlying event giving rise to the change occurs), *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues receivable and earned but unused vacation leave).

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

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

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

**Fund Financial Statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

**Governmental funds** – *Governmental funds* are used to account for essentially the same functions reported as *Governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

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

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

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

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements.

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

## Government-Wide Financial Analysis

Below is a 'condensed' Statement of Net Assets at June 30, 2008 (with comparative amounts of June 30, 2007) 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	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Cash and cash equivalents:						
Unrestricted	\$ 7,873	\$ 6,054	\$ 5,054	\$ 4,363	\$ 12,927	\$ 10,417
Restricted	384	287	16,638	20,084	17,022	20,371
Other current assets	6,342	9,070	(861)	(400)	5,481	8,670
Capital assets, net of accumulated depreciation	67,590	64,228	78,972	76,065	146,562	140,293
Deferred charges, net of accumulated amortization	—	—	18,513	17,468	18,513	17,468
<b>Total assets</b>	<b>\$ 82,189</b>	<b>\$ 79,639</b>	<b>\$ 118,316</b>	<b>\$ 117,580</b>	<b>\$ 200,505</b>	<b>\$ 197,219</b>
<b>Liabilities:</b>						
Current liabilities	\$ 3,946	\$ 3,739	\$ 9,328	\$ 8,836	\$ 13,274	\$ 12,575
Long term liabilities	6,183	8,146	17,744	19,073	23,927	27,219
<b>Total liabilities</b>	<b>10,129</b>	<b>11,885</b>	<b>27,072</b>	<b>27,909</b>	<b>37,201</b>	<b>39,794</b>
<b>Net assets:</b>						
Net invested in capital assets	59,998	54,648	70,182	66,995	130,180	121,643
Restricted	280	296	13,256	15,902	13,536	16,198
Unrestricted	11,782	12,810	7,806	6,774	19,588	19,584
<b>Total net assets</b>	<b>\$ 72,060</b>	<b>\$ 67,754</b>	<b>\$ 91,244</b>	<b>\$ 89,671</b>	<b>\$ 163,304</b>	<b>\$ 157,425</b>

*Governmental activities* – For 2008, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$14.6 million, or 41% of the total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$67.6 million 41% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$3.9 million 30% of the respective total. Long-term (non-current) liabilities totaled \$6.1 million, or 26% of the respective total.

*Business-type activities* – For 2008, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$20.8 million, or 59% of the respective total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$97.5 million, or 59% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$9.3 million, or 70% of the respective total. Long-term (non-current) liabilities totaled \$17.7 million, or 74% 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, 2008 total assets exceeded total liabilities by \$163.3 million at the end of June 30, 2008 (or \$72.0 million for Governmental activities and \$91.2 million for Business-type activities.)

By far the largest portion (\$130.1 million, or 80%) of the City's 2008 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 2008 restricted net assets (totaling \$13.5 million or 8.3% of total net assets) consist of \$.3 million in Governmental activities and \$13.2 million in Business-type activities, and represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$11.8 million Governmental activities and \$7.8 million Business-type activities, for a total of \$19.5 million, or 12% of total net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's components of changes in net assets for FY 2008 and FY 2007 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenue:</b>						
Program Revenue:						
Charges for services	\$ 3,350	\$ 3,909	\$ 17,143	\$ 15,772	\$ 20,493	\$ 19,681
Operating grants and contributions	446	2,099	125	107	571	2,206
Capital grants and contributions	1,582	1,125	4,063	9,067	5,645	10,192
General revenue:						
Property taxes	9,664	8,569	—	—	9,664	8,569
State shared and other taxes	14,726	15,681	—	—	14,726	15,681
Investment earnings	398	894	819	1,124	1,217	2,018
Other	56	95	—	—	56	95
<b>Total revenue</b>	<b>30,222</b>	<b>32,372</b>	<b>22,150</b>	<b>26,070</b>	<b>52,372</b>	<b>58,442</b>
<b>Expenses:</b>						
General government	2,089	(34)	—	—	2,089	(34)
Finance	657	902	—	—	657	902
Information services	350	—	—	—	350	—
Public safety	11,420	10,011	—	—	11,420	10,011
Planning and development	1,317	1,473	—	—	1,317	1,473
Public works	3,659	4,117	—	—	3,659	4,117
Parks and recreation	3,260	2,765	—	—	3,260	2,765
Support services	792	624	—	—	792	624
Interest on general long-term debt	439	446	—	—	439	446
Depreciation (unallocated)	723	3,227	—	—	723	3,227
Water and Sewer Utility	—	—	13,482	13,337	13,482	13,337
Solid Waste	—	—	3,551	3,259	3,551	3,259
Aquatic Center	—	—	2,300	2,221	2,300	2,221
Beach Service	—	—	2,455	1,028	2,455	1,028
<b>Total expenses</b>	<b>24,706</b>	<b>23,531</b>	<b>21,788</b>	<b>19,845</b>	<b>46,494</b>	<b>43,376</b>
Increases in net assets before transfers	5,516	8,841	362	6,225	5,878	15,066
Transfers	(1,211)	(970)	1,211	970	—	—
<b>Change in net assets</b>	<b>4,305</b>	<b>7,871</b>	<b>1,573</b>	<b>7,195</b>	<b>5,878</b>	<b>15,066</b>
Net Assets – beginning of year	67,754	59,883	89,671	82,476	157,425	142,359
Net Assets – end of year	\$ 72,059	\$ 67,754	\$ 91,244	\$ 89,671	\$ 163,303	\$ 157,425

## Government-Wide Financial Analysis (Continued)

Of total net assets at June 30, 2008, (and June 30, 2007 respectively), \$72.0 million (and \$67.8 million) represents net assets of the City's Governmental activities, and \$91.2 million (and \$89.7 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.

### Expenses and Program Revenues – Governmental Activities

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

*(amounts shown in thousands)*

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Net Expenses</u>	<u>% Funded by Program Revenue</u>	<u>% Required to Funded by General Revenue</u>
General govt.	\$ (2,089)	\$ 12	\$ (2,077)	.5%	99%
Finance	(657)	—	(657)	—	—
Information services	(350)	—	(350)	—	—
Public safety	(11,420)	878	(10,542)	8%	92%
Planning and development	(1,317)	434	(883)	33%	67%
Public works	(3,659)	3,742	83	102%	—
Parks and recreation	(3,260)	312	(2,948)	10%	90%
Support services	(792)	—	(792)	—	—
Debt service interest	(439)	—	(439)	—	—
Depreciation unallocated	(723)	—	(723)	—	—
Totals	<u>\$ (24,706)</u>	<u>\$ 5,378</u>	<u>\$ (19,328)</u>	<u>22%</u>	<u>78%</u>

The City allocated its depreciation to the City's functions, except for a portion which is not allocated. General Revenues (78%) were required to fund Governmental Activity Expenses and were as follows:

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

Property taxes	\$ 9,664
Accommodations/hospitality taxes	6,908
State shared taxes – unrestricted	883
Licenses and franchise taxes	6,934
Investment earnings	399
Other revenues	56
Total general revenue before transfers	<u>\$ 24,844</u>

## Fund Financial Analysis

### General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$19.9 million, but achieved revenues of \$19.6 million or \$.3 million over budget. Final expenditures budgeted for the General Fund were \$24.1 million with actual expenditures of \$23.7 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 \$1.9 million, with the actual deficiency equaling \$1.8 million.

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

As a result, the City's General Fund Fund Balance for year end 2008 decreased. 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 2<sup>nd</sup> Avenue South. This expansion will include a variety of buildings and recreational facilities around the current municipal complex on a long term basis.

The General Fund's budget also included net transfers to/from other funds netting to \$2.2 million which were materially achieved in the fiscal year.

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

The City operates four enterprises that comprise its Business-type Activities – Water and Sewer Utility, Solid Waste, Aquatic Center and Beach Service. The Water and Sewer Utility has been in operation for a number of years, and suffered an operating loss of \$1.8 million for the year ended June 30, 2008. However, the Utility was able to achieve an increase on overall net assets for the same time period of \$2.6 million primarily due to recognizing capital contributions of \$3.6 million as non-operating revenue.

The City's Solid Waste Enterprise Fund has been operating for a number of years and incurred a net operating loss of \$392,618 for the year ended June 30, 2008. After a transfer from the Accommodations Tax Fund of \$331,500, the change net assets decreased by \$25,771.

The City's Aquatic Center Enterprise Fund in it's fourth year of operation incurred a net operating loss of \$562,522. After recognizing \$273,867 in net non-operating loss and a \$790,478 transfer from the Hospitality Tax Fund, the change in net assets of the Aquatic Center totaled a deficit of \$45,911.

The City's Beach Service Enterprise Fund in it's second year of operations incurred a net operating loss of \$1,110,118. After recognizing \$18,252 in net non-operating revenue, the change in net assets of the Beach Service totaled a deficit of \$1,002,666 resulted in an ending deficit net assets balance of \$1,651,276.

### **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, 2008, amounts to \$130.1 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 \$25.5 million. Of this amount, \$1.9 million comprises debt backed by the full faith and credit of the governments, \$4.5 million backed by certain governmental fees and taxes associated with Stormwater, and \$19.1 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, 2008

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 4,901,926	\$ 2,933,153	\$ 7,835,079
Equity in pooled cash and cash equivalents	2,971,184	2,120,563	5,091,747
Receivables, net	1,670,697	2,302,660	3,973,357
Due from other governments	825,887	—	825,887
Internal balances, net	3,607,207	(3,607,207)	—
Inventories	238,136	443,510	681,646
Restricted assets:			
Cash and cash equivalents	198,508	9,465,788	9,664,296
Equity in pooled cash and cash equivalents	185,522	6,708,311	6,893,833
Deposits with other governments	—	464,308	464,308
<b>Total current assets</b>	<b>14,599,067</b>	<b>20,831,086</b>	<b>35,430,153</b>
Non-currents assets:			
Capital assets not subject to depreciation	10,635,696	3,213,159	13,848,855
Capital assets, net of depreciation	56,954,534	75,759,160	132,713,694
Deferred charges, net	—	18,513,158	18,513,158
<b>Total non-current assets</b>	<b>67,590,230</b>	<b>97,485,477</b>	<b>165,075,707</b>
<b>Total Assets</b>	<b>\$ 82,189,297</b>	<b>\$ 118,316,563</b>	<b>\$ 200,505,860</b>
<b>Liabilities and Net Assets</b>			
Current liabilities:			
Accounts payable	\$ 943,631	\$ 488,612	1,432,243
Accrued payroll and related taxes	326,183	206,811	532,994
Accrued compensated absences – current portion	97,015	293,010	390,025
Construction and retainage payables	—	—	—
Insurance claims payable	186,332	86,479	272,811
Accrued interest payable	44,717	193,293	238,010
Bonds, contracts and notes payable – current portion	2,129,940	3,006,794	5,136,734
Deferred revenue	—	260,509	260,509
Liabilities payable from restricted assets	217,748	4,792,893	5,010,641
<b>Total current liabilities</b>	<b>3,945,566</b>	<b>9,328,401</b>	<b>13,273,967</b>
Long-term (non-current) liabilities:			
General obligation bonds payable	1,148,000	—	1,148,000
Revenue bonds payable	3,478,866	—	3,478,866
Capital lease payable	836,629	—	836,629
Accrued compensated absences	720,340	—	720,340
Contracts payable	—	10,695,000	10,695,000
Note payable	—	7,048,815	7,048,815
<b>Total long-term liabilities</b>	<b>6,183,835</b>	<b>17,743,815</b>	<b>23,927,650</b>
<b>Total liabilities</b>	<b>10,129,401</b>	<b>27,072,216</b>	<b>37,201,617</b>
Net assets:			
Invested in capital assets, net of related debt	59,996,795	70,181,520	130,178,315
Restricted for :			
Public safety	205,884	—	205,884
Shore protection	75,054	—	75,054
Debt service	—	793,890	793,890
Future capacity	—	12,462,294	12,462,294
Unrestricted	11,782,163	7,806,643	19,588,806
<b>Total net assets</b>	<b>72,059,896</b>	<b>91,244,347</b>	<b>163,304,243</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 82,189,297</b>	<b>\$ 118,316,563</b>	<b>\$ 200,505,860</b>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

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
<b>Governmental Activities:</b>							
General government	\$ (2,088,723)	\$ 12,965	\$ —	\$ —	\$ (2,075,758)	\$ —	\$ (2,075,758)
Finance	(657,347)	—	—	—	(657,347)	—	(657,347)
Information Services	(349,883)	—	—	—	(349,883)	—	(349,883)
Public safety	(11,419,629)	640,696	237,661	—	(10,541,272)	—	(10,541,272)
Planning and development	(1,317,488)	434,028	—	—	(883,460)	—	(883,460)
Public works	(3,659,488)	2,122,691	36,522	1,582,531	82,256	—	82,256
Parks and recreation	(3,259,313)	140,301	171,524	—	(2,947,488)	—	(2,947,488)
Support services	(791,744)	—	—	—	(791,744)	—	(791,744)
Debt service – interest	(439,195)	—	—	—	(439,195)	—	(439,195)
Depreciation (unallocated) *	(723,410)	—	—	—	(723,410)	—	(723,410)
Total governmental activities	(24,706,220)	3,350,681	445,707	1,582,531	(19,327,301)	—	(19,327,301)
<b>Business-type Activities:</b>							
Water and Sewer Utility	(13,482,505)	11,253,700	—	4,063,757	—	1,834,952	1,834,952
Solid Waste	(3,550,876)	3,158,258	35,347	—	—	(357,271)	(357,271)
Aquatic Center	(2,300,591)	1,386,689	71,088	—	—	(842,814)	(842,814)
Beach Service	(2,454,720)	1,344,602	18,252	—	—	(1,091,866)	(1,091,866)
Total business-type activities	(21,788,692)	17,143,249	124,687	4,063,757	—	(456,999)	(456,999)
Total functions and programs	\$ (46,494,912)	\$ 20,493,930	\$ 570,394	\$ 5,646,288	(19,327,301)	(456,999)	(19,784,300)

**General Revenue and Transfers**

General Revenue:

Property taxes	9,663,938
Accommodations and hospitality taxes	6,907,921
State shared taxes – unrestricted	883,306
Business licenses and franchise taxes	6,934,321
Unrestricted investment earnings	398,535
Miscellaneous	55,774
Transfers:	
Transfers in/(out)	(1,211,178)
Total general revenue and transfers	23,632,617

**Changes in net assets**

Net Assets – beginning of year	4,305,316	1,573,402	5,878,718
Net Assets – end of year	67,754,580	89,670,945	157,425,525
	\$ 72,059,896	\$ 91,244,347	\$ 163,304,243

\* This amount excludes the depreciation that is included in the direct expenses of the various programs. See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 4,901,926	\$ —	\$4,901,926
Equity in pooled cash and cash equivalents	163,460	2,807,724	2,971,184
Receivables, net	689,542	738,610	1,428,152
Due from other funds	5,647,908	—	5,647,908
Due from other governments	5,885	820,002	825,887
Inventories	238,136	—	238,136
Restricted assets:			
Cash and cash equivalents	198,508	—	198,508
Equity in pooled cash and cash equivalents	185,522	—	185,522
<b>Total assets</b>	<b>\$ 12,030,887</b>	<b>\$ 4,366,336</b>	<b>\$ 16,397,223</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 513,133	\$ 430,498	\$ 943,631
Accrued payroll and related taxes	326,183	—	326,183
Accrued compensated absences	97,015	—	97,015
Medical claims payable	186,332	—	186,332
Due to other funds	1,000,000	1,040,701	2,040,701
Payable from restricted assets	217,748	—	217,748
<b>Total liabilities</b>	<b>2,340,411</b>	<b>1,471,199</b>	<b>3,811,610</b>
<b>Fund balances:</b>			
<b>Reserved for:</b>			
Inventories	238,136	—	238,136
Victims assistance	83,954	—	83,954
Drug enforcement	121,930	—	121,930
Shore Protection Project	—	75,054	75,054
J. Causey Memorial	2,295	—	2,295
Admissions tax	30,140	—	30,140
<b>Unreserved/designated for:</b>			
Contingencies	250,000	—	250,000
Area emergency recovery	142,500	—	142,500
<b>Unreserved/undesignated reported in:</b>			
General Fund	8,821,521	—	8,821,521
Special Revenue Funds	—	1,175,181	1,175,181
Capital Projects Funds	—	1,644,902	1,644,902
<b>Total fund balances</b>	<b>9,690,476</b>	<b>2,895,137</b>	<b>12,585,613</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,030,887</b>	<b>\$ 4,366,336</b>	
<b>Reconciliation to amounts reported for governmental activities in the Statement of Net Assets (see Note 15):</b>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in these funds.			67,590,230
Other assets not available to paid for current period expenditures.			242,545
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.			(8,358,492)
<b>Net Assets, end of year – Governmental Activities</b>			<b>\$ 72,059,896</b>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

Revenue	General Fund	Other Governmental Funds	Total Governmental Funds
Property taxes:			
Current property taxes	\$ 9,337,950	\$ —	\$ 9,337,950
Delinquent property taxes	166,898	—	166,898
Licenses and permits	7,368,349	—	7,368,349
Fines and forfeitures	498,923	—	498,923
Use of money and property	402,030	171,148	573,178
Unrestricted intergovernmental	1,040,789	—	1,040,789
Restricted intergovernmental	369,094	7,416,681	7,785,775
Sales and service charges	298,351	1,944,736	2,243,087
Miscellaneous	120,687	100,000	220,687
<b>Total revenue</b>	<b>19,603,071</b>	<b>9,632,565</b>	<b>29,235,636</b>
<b>Expenditures</b>			
Current:			
General government administration	1,953,423	—	1,953,423
Finance	541,807	—	541,807
Information Services	349,883	—	349,883
Public safety	10,694,089	—	10,694,089
Planning/development	1,282,207	—	1,282,207
Public works	1,742,948	2,928,803	4,671,751
Parks and recreation	1,852,724	1,340,461	3,193,185
Support services	765,972	—	765,972
Debt service	1,261,310	1,140,000	2,401,310
Capital outlay	3,262,100	—	3,262,100
<b>Total expenditures</b>	<b>23,706,463</b>	<b>5,409,264</b>	<b>29,115,727</b>
Excess (deficiency) of revenue over (under) expenditures	(4,103,392)	4,223,301	119,909
<b>Other Financing Sources (Uses)</b>			
Transfers in	4,558,028	3,415,000	7,973,028
Transfers (out)	(2,275,000)	(6,909,206)	(9,184,206)
<b>Total other financing sources (uses)</b>	<b>2,283,028</b>	<b>(3,494,206)</b>	<b>(1,211,178)</b>
<b>Net change in fund balances</b>	<b>(1,820,364)</b>	<b>729,095</b>	<b>(1,091,269)</b>
Fund balances, beginning of year	11,510,840	2,166,042	13,676,882
Fund balances, end of year	<u>\$ 9,690,476</u>	<u>\$ 2,895,137</u>	<u>\$ 12,585,613</u>

— CONTINUED —

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

— CONTINUED —

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

Net change in fund balances – total governmental funds	\$ (1,091,269)
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.	2,534,029
Revenues in the Statement of Activities that do not provide current financial resources are reported as revenues in these funds.	987,078
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.	(70,838)
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>1,946,316</u>
Change in net assets – governmental activities	<u>\$ 4,305,316</u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

JUNE 30, 2008

	Business-type Activities – Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 2,924,853	\$ —	\$ 300	\$ 8,000	\$ 2,933,153
Equity in pooled cash and cash equivalents	2,120,563	—	—	—	2,120,563
Receivables, net	2,133,435	147,287	4,660	17,278	2,302,660
Inventories	371,776	—	—	71,734	443,510
Due from other funds	1,000,000	—	140,498	—	1,140,498
Restricted assets:					
Cash and cash equivalents	9,465,788	—	—	—	9,465,788
Equity in pooled cash and cash equivalents	6,708,311	—	—	—	6,708,311
Deposits with other governments	464,308	—	—	—	464,308
<b>Total current assets</b>	<b>25,189,034</b>	<b>147,287</b>	<b>145,458</b>	<b>97,012</b>	<b>25,578,791</b>
Non-current assets:					
Capital assets, not subject to depreciation	3,213,159	—	—	—	3,213,159
Capital assets, subject to depreciation	63,669,794	1,279,847	9,400,607	1,408,912	75,759,160
Total capital assets, net	66,882,953	1,279,847	9,400,607	1,408,912	78,972,319
Deferred charges, net	18,459,899	—	53,259	—	18,513,158
<b>Total non-current assets</b>	<b>85,342,852</b>	<b>1,279,847</b>	<b>9,453,866</b>	<b>1,408,912</b>	<b>97,485,477</b>
<b>Total assets</b>	<b>\$ 110,531,886</b>	<b>\$ 1,427,134</b>	<b>\$ 9,599,324</b>	<b>\$ 1,505,924</b>	<b>\$ 123,064,268</b>
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	\$ 345,488	\$ 62,331	\$ 25,445	\$ 55,348	\$ 488,612
Accrued payroll and related taxes	57,397	31,665	17,085	100,664	206,811
Accrued compensated absences	158,517	101,275	28,136	5,082	293,010
Insurance claims payable, net	42,681	34,760	7,648	1,390	86,479
Due to other funds	—	1,291,207	461,782	2,994,716	4,747,705
Accrued interest payable	3,340	—	189,953	—	193,293
Contracts and note payable – current portion	2,671,138	—	335,656	—	3,006,794
Deferred revenue	—	—	260,509	—	260,509
Liabilities payable from restricted assets	4,792,893	—	—	—	4,792,893
<b>Total current liabilities</b>	<b>8,071,454</b>	<b>1,521,238</b>	<b>1,326,214</b>	<b>3,157,200</b>	<b>14,076,106</b>
Long-term (non-current) liabilities:					
Contracts payable	10,695,000	—	—	—	10,695,000
Note payable	—	—	7,048,815	—	7,048,815
<b>Total long-term liabilities</b>	<b>10,695,000</b>	<b>—</b>	<b>7,048,815</b>	<b>—</b>	<b>17,743,815</b>
<b>Total liabilities</b>	<b>18,766,454</b>	<b>1,521,238</b>	<b>8,375,029</b>	<b>3,157,200</b>	<b>31,819,921</b>
Net assets:					
Invested in capital assets, net of related debt	65,476,625	1,279,847	2,016,136	1,408,912	70,181,520
Restricted for:					
Future capacity	12,462,294	—	—	—	12,462,294
Debt service	793,890	—	—	—	793,890
Unrestricted (deficit)	13,032,623	(1,373,951)	(791,841)	(3,060,188)	7,806,643
<b>Total net assets</b>	<b>91,765,432</b>	<b>(94,104)</b>	<b>1,224,295</b>	<b>(1,651,276)</b>	<b>91,244,347</b>
<b>Total liabilities and net assets</b>	<b>\$ 110,531,886</b>	<b>\$ 1,427,134</b>	<b>\$ 9,599,324</b>	<b>\$ 1,505,924</b>	<b>\$ 123,064,268</b>

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, 2008

	<b>Business-type Activities – Enterprise Fund</b>				<b>Totals</b>
	<b>Water and Sewer Utility</b>	<b>Solid Waste</b>	<b>Aquatic Center</b>	<b>Beach Service</b>	
<b>Operating Revenue</b>					
Sales and service charges	\$ 11,054,656	\$ 3,158,258	\$ 1,386,689	\$ 1,344,602	\$ 16,944,205
Total operating revenue	<u>11,054,656</u>	<u>3,158,258</u>	<u>1,386,689</u>	<u>1,344,602</u>	<u>16,944,205</u>
<b>Operating Expenses</b>					
General government administration	998,832	197,896	121,943	175,727	1,494,398
Finance	234,436	46,887	31,258	78,145	390,726
Information services	227,139	45,428	15,143	22,714	310,424
Public safety	59,535	—	—	763,420	822,955
Planning/development	31,715	—	—	—	31,715
Public works	7,258,722	2,773,208	—	—	10,031,930
Parks and recreation	—	—	1,383,857	1,121,691	2,505,548
Support services	488,533	137,458	17,641	23,870	667,502
Depreciation and amortization	3,618,372	349,999	379,369	269,153	4,616,893
Total operating expenses	<u>12,917,284</u>	<u>3,550,876</u>	<u>1,949,211</u>	<u>2,454,720</u>	<u>20,872,091</u>
Operating income (loss)	<u>(1,862,628)</u>	<u>(392,618)</u>	<u>(562,522)</u>	<u>(1,110,118)</u>	<u>(3,927,886)</u>
<b>Non-Operating Revenue (Expenses)</b>					
Interest earned on investments	812,798	—	6,425	—	819,223
Interest expense	(556,518)	—	(347,944)	—	(904,462)
Non-operating program fees and other	—	—	27,007	—	27,007
Amortization of debt issuance costs	(5,210)	—	(3,436)	—	(8,646)
Bond agent fees	(3,493)	—	—	—	(3,493)
Restricted intergovernmental	466,235	35,347	37,831	—	539,413
Tower rental and other	199,044	—	—	—	199,044
Donation/fundraisers	—	—	6,250	18,252	24,502
Total non-operating revenue (expenses)	<u>912,856</u>	<u>35,347</u>	<u>(273,867)</u>	<u>18,252</u>	<u>692,588</u>
Income (loss) before contributions and transfers	<u>(949,772)</u>	<u>(357,271)</u>	<u>(836,389)</u>	<u>(1,091,866)</u>	<u>(3,235,298)</u>
<b>Capital Contributions</b>	3,597,522	—	—	—	3,597,522
<b>Transfers – in (out)</b>	—	331,500	790,478	89,200	1,211,178
<b>Change in net assets</b>	<b>2,647,750</b>	<b>(25,771)</b>	<b>(45,911)</b>	<b>(1,002,666)</b>	<b>1,573,402</b>
Net assets, beginning of year	89,117,682	(68,333)	1,270,206	(648,610)	89,670,945
Net assets, end of year	<u>\$ 91,765,432</u>	<u>\$ (94,104)</u>	<u>\$ 1,224,295</u>	<u>\$ (1,651,276)</u>	<u>\$ 91,244,347</u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2008

	Business-type Activities – Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
<b>Cash flows from operating activities</b>					
Cash received from:					
User fees	\$ 10,509,419	\$ 3,091,320	\$ —	\$ —	\$ 13,600,739
Tap fees	102,024	—	—	—	102,024
Service and miscellaneous charges	464,429	14,944	1,392,419	1,331,389	3,203,181
Cash paid to (for):					
Employee salaries and related costs	(2,962,697)	(1,565,492)	(892,958)	(1,476,825)	(6,897,972)
Water and sewer system costs	(5,404,122)	—	—	—	(5,404,122)
Collection services	—	(1,132,735)	—	—	(1,132,735)
Aquatic Center operations	—	—	(476,496)	—	(476,496)
Beach Service operations	—	—	—	(507,479)	(507,479)
Other supplies and miscellaneous costs	(2,072,937)	(591,757)	(185,985)	(356,248)	(3,206,927)
Net cash provided by (used in) operating activities	636,116	(183,720)	(163,020)	(1,009,163)	(719,787)
<b>Cash flows from non-capital and related financing activities</b>					
Inter-fund borrowing/payments	(395,677)	147,097	(618,770)	1,236,609	369,259
Decrease of deposits held with other governments	(16,449)	—	—	—	(16,449)
Intergovernmental grants	—	35,347	37,831	—	73,178
Local accommodation/hospitality taxes	—	331,500	801,138	89,200	1,221,838
Donations/fundraisers	—	—	33,257	18,252	51,509
Net cash provided by (used in) non-capital and related financing activities	(412,126)	513,944	253,456	1,344,061	1,699,335
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(4,234,860)	(330,224)	—	(334,898)	(4,899,982)
Principal paid on bonds and contracts	(235,000)	—	(322,435)	—	(557,435)
Interest and bond agent fees on long-term debt	(559,880)	—	(315,983)	—	(875,863)
Capital contributions – impact fees, grants and other cash contributions	1,315,335	—	—	—	1,315,335
Net cash provided by (used in) capital and related financing activities	(3,714,405)	(330,224)	(638,418)	(334,898)	(5,017,945)

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities – Enterprise Fund				Totals
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	
<b>Cash flows from investing activities</b>					
Interest received on investments	812,798	—	6,425	—	819,223
Net cash provided by (used in) investing activities	812,798	—	6,425	—	819,223
Net increase (decrease) in cash and cash equivalents	(2,677,617)	—	(541,557)	—	(3,219,174)
Cash and cash equivalents, beginning of year (of which \$20,083,939 is restricted)	23,897,132	—	541,857	8,000	24,446,989
Cash and cash equivalents, end of year (of which \$16,174,099 is restricted)	<u>\$ 21,219,515</u>	<u>\$ —</u>	<u>\$ 300</u>	<u>\$ 8,000</u>	<u>\$ 21,227,815</u>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>					
Operating income (loss)	\$ (1,862,628)	\$ (392,618)	\$ (562,522)	\$(1,110,118)	\$ (3,927,886)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Tower rental and other	199,044	—	—	—	199,044
Depreciation and amortization	3,618,372	349,999	379,369	269,153	4,616,893
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(215,760)	(51,994)	2,793	(13,213)	(278,174)
Increase (decrease) in accounts and other payables	(1,101,305)	(119,873)	(2,836)	(114,462)	(1,338,476)
(Increase) decrease in inventories	(32,747)	—	—	(55,792)	(88,539)
Increase (decrease) in accrued liabilities	(6,792)	30,766	17,239	15,269	56,482
Increase (decrease) in deferred revenue	37,932	—	2,937	—	40,869
Net cash provided by (used in) operating activities	<u>\$ 636,116</u>	<u>\$ (183,720)</u>	<u>\$ (163,020)</u>	<u>\$(1,009,163)</u>	<u>\$ (719,787)</u>
<b>Supplemental disclosure of non-cash capital and related financing activities</b>					
System contributions by developers	<u>\$ 1,463,400</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,463,400</u>
Amortization of bond issue costs and cost of purchased water capacity	<u>\$ 5,210</u>	<u>\$ —</u>	<u>\$ 3,436</u>	<u>\$ —</u>	<u>\$ 8,646</u>

See accompanying notes to financial statements.

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

JUNE 30, 2008

	<b>Pension Trust Funds</b>	<b>Agency Fund Firemen's Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ —	\$ 10,659
Cash and temporary investments	11,776,008	—
Receivables – Participant loans	711,681	—
Total assets	<b>\$ 12,487,689</b>	<b>\$ 10,659</b>
<b>Liabilities</b>		
Due to Firemen's Association	\$ —	\$ 10,659
Total liabilities	—	<b>\$ 10,659</b>
<b>Net Assets</b>		
Held in trust for employee's pension benefits	<b>\$ 12,487,689</b>	

*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, 2008

	<b>Pension Trust Funds</b>
<b>Additions</b>	
Employer contributions	\$ 760,057
Employee (member) contributions	198,473
Investment income (loss)	(612,663)
Total additions	345,867
<b>Deductions</b>	
Benefit payments and loan issuance costs	784,866
Trustee fees	4,166
Forfeitures	684
Total deductions	789,716
Change in net assets	(443,849)
Net assets, beginning of year	12,931,538
Net assets, end of year	\$ 12,487,689

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

**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, 2008, 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, Aquatic Center Fund, and Beach Service Fund.

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

*Governmental Funds*

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

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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

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

**Capital Projects Funds** – The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds). The City utilizes the following individual Capital Projects Funds: Capital Improvement Fund, Street Improvement Fund, 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; and the Beach Service Fund to account for all revenues and expenses related to the City's beach service activities.

*Fiduciary Funds*

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

**Pension Trust Funds**

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

**Agency Funds**

Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. At June 30, 2008, these included Firemen's Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These activities have been excluded from the City's Government-wide financial statements because the City can not use those assets to finance its operations.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

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

Under GASB #34, the Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the budget year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

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

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

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

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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

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

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

Estimates

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

**D. Budgets and Budgetary Accounting**

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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

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

Budgeted amounts presented in the financial statements are as originally adopted, or as amended by City Council as of June 30, 2008.

Budget Deficits and Fund Balances

For the year ended June 30, 2008, 'final' budgeted expenditures exceeded estimated revenues of the General Fund by \$1,977,853. Additionally, budgeted expenditures exceeded estimated revenues of the City's Accommodations (2%) Tax Fund by \$411,013; Stormwater Special Revenue Fund by \$719,800; and Capital Improvement Fund by \$599,900; and Street Improvement Fund by \$530,000. 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 \$16.7 million, \$3.8 million, \$2.2 million and \$2.2 million, respectively.

At June 30, 2008, deficit fund balances resulted in the following: Solid Waste Enterprise Fund by \$94,104 and Beach Service Enterprise Fund by \$1,651,276. 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, 2008, 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, expenditures and liabilities related to these obligations are recognized when they become due. For example, vacation pay that is expected to be liquidated (as a result of paid time-off or cash payments at termination or retirement) with expendable available financial resources is reported as expenditure and a fund liability current-portion of compensated absences are estimated by management based on historical trends.

City employees are provided sick leave at the rate of ten working days per year. Employees are not allowed to accumulate sick leave days and any unused sick leave at termination will not be paid.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

Net Assets and Fund Balances

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

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

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

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

RESERVED FOR VICTIM'S ASSISTANCE – 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 millage rate associated with the levy is adopted each year as a part of the budget adoption process.

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

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

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

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. The prior year summarized comparative information has been derived from the City's 2007 audited financial statements. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments

Deposits

Custodial credit risk of deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2008, the carrying amount of the City's cash deposits with financial institutions was \$639,402 and the financial institution's balances totaled \$525,187. Of this balance, \$357,844 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, 2008, 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, 2008, the City had the following investment types:

	<u>Fair Value</u>	<u>Weight Average Maturity (years)</u>	<u>Credit Rating</u>
Repurchase agreements	\$ 2,579,063	0.002	n/a
Certificates of deposit	9,000,000	0.05	n/a
Money Market funds	4,669,007	n/a	Aa1
Bond funds	360,067	6-9	AAA
Other mutual funds	6,793,827	n/a	n/a
State of South Carolina Treasurer's Investment Pool	<u>17,219,431</u>	0.5	Unrated
Total fair value	<u>\$ 40,621,395</u>		

At June 30, 2008, 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 6%, 22%, 29% and 43% 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, 2008 are as follows:

Cash on hand	\$ 10,825
Carrying amount of cash deposits	639,402
Carrying amount of investments	<u>40,621,395</u>
Total	<u>\$ 41,271,622</u>
Government-wide Statement of Net Assets:	
Cash and cash equivalents	\$ 7,835,079
Equity in pooled cash and cash equivalents	5,091,747
Cash and cash equivalents-restricted	9,664,296
Equity in pooled cash and cash equivalents-restricted	6,893,833
Statement of Fiduciary Net Assets:	
Cash and cash equivalents – Agency Fund	10,659
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	11,433,576
Money Purchase Retirement Plan #2	<u>342,432</u>
Total	<u>\$ 41,271,622</u>

**3. Receivables**

Receivables at June 30, 2008, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 649,471	\$ —
Franchise fees	432,518	—
Solid waste user fees	—	134,787
Stormwater fees	79,364	—
Hospitality fees	659,245	—
Water and sewer accounts	—	1,618,082
Define Benefit Pension Trust Fund (terminated plan)	147,532	—
Other	675	552,367
Gross receivables	<u>1,968,805</u>	<u>2,305,236</u>
Less: allowance for uncollectibles	<u>(298,108)</u>	<u>(2,576)</u>
Net total receivables	<u>\$ 1,670,697</u>	<u>\$ 2,302,660</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, 2008, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 5,647,908	\$ 1,000,000
Special Revenue Fund:		
Accommodations (2%) Tax	—	381,455
Local Accommodations (1.5%) Tax Fund	—	421,654
Hospitality Fees (1%) Fund	—	237,592
Capital Projects Funds:		
Capital Improvement Fund	—	—
Street Improvement Fund	—	—
Beach Renourishment Fund	—	—
Enterprise Fund:		
Water and Sewer Utility Fund	1,000,000	—
Solid Waste Enterprise Fund	—	1,291,207
Aquatic Center Fund	140,498	461,782
Beach Service Fund	—	2,994,716
	<u>\$ 6,788,406</u>	<u>\$ 6,788,406</u>

Net internal balances between Governmental and Business-type activities equaled \$3,607,207, and resulted from short-term loans between individual funds. Transfers of monies in/out of Governmental and Business-type activities equaled \$1,211,178 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>	
General Fund	\$ 5,885
Special Revenue Fund:	
Accommodations (2%) Tax Fund	760,002
Capital Projects Fund:	
Street Improvement Fund	60,000
	<u>\$ 825,887</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, 2008, are as follows:

**Governmental Activities:**

	<b>Balance June 30, 2007</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2008</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 7,975,039	\$ 2,306,191	\$ —	\$ —	\$ 10,281,230
Construction in progress	269,855	204,844	—	(120,233)	354,466
Total capital assets not being depreciated	<u>8,244,894</u>	<u>2,511,035</u>	<u>—</u>	<u>(120,233)</u>	<u>10,635,696</u>
<b>Capital assets being depreciated:</b>					
Buildings	16,605,612	68,657	—	—	16,674,269
Improvements	3,956,705	1,126,993	—	—	5,083,698
Machinery and equipment	12,746,961	1,381,574	(430,642)	—	13,697,893
Infrastructure	44,928,266	1,705,184	—	120,233	46,753,683
Total capital assets being depreciated	<u>78,237,544</u>	<u>4,282,408</u>	<u>(430,642)</u>	<u>120,233</u>	<u>82,209,543</u>
<b>Less, accumulated depreciation for:</b>					
Buildings	(4,802,942)	(469,768)	—	—	(5,272,710)
Improvements	(1,702,383)	(232,699)	—	—	(1,935,082)
Machinery and equipment	(7,490,302)	(1,153,985)	409,700	—	(8,234,587)
Infrastructure	(8,258,598)	(1,554,032)	—	—	(9,812,630)
Total accumulated depreciation	<u>(22,254,225)</u>	<u>(3,410,484)</u>	<u>409,700</u>	<u>120,233</u>	<u>(25,255,009)</u>
Total capital assets being depreciated, net	<u>55,983,319</u>	<u>871,924</u>	<u>(20,942)</u>	<u>—</u>	<u>56,954,534</u>
Net capital assets – Governmental Activities	<u>\$ 64,228,213</u>	<u>\$ 3,382,959</u>	<u>\$ (20,942)</u>	<u>\$ —</u>	<u>\$ 67,590,230</u>

For the year ended June 30, 2008, depreciation expenses charged to Governmental Activities totaled \$3,410,484, which has been allocated to the respective functions, except for \$723,410 disclosed as unallocated on the Statement of Activities.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

**Business-type Activities:**

	Balance June 30, 2007	Additions	Retirements	Transfers	Balance June 30, 2008
<b>Capital assets not being depreciated:</b>					
Land	\$ 227,014	\$ —	\$ —	\$ —	\$ 227,014
Construction in progress	1,291,603	4,112,233	—	(2,417,691)	2,986,145
Total capital assets not being depreciated	1,518,617	4,112,233	—	(2,417,691)	3,213,159
<b>Capital assets being depreciated:</b>					
Buildings	11,032,186	63,258	—	—	11,095,444
Water and sewer systems	82,310,757	1,776,402	—	2,417,691	86,504,850
Improvements	23,281	—	—	—	23,281
Machinery and equipment	9,917,007	693,606	(68,780)	—	10,541,833
Total capital assets being depreciated	103,283,231	2,533,266	(68,780)	2,417,691	108,165,408
<b>Less, accumulated depreciation:</b>					
Buildings	(753,868)	(295,494)	—	—	(1,049,362)
Water and sewer systems	(22,207,335)	(2,333,282)	—	—	(24,540,617)
Improvements	(20,247)	(661)	—	—	(20,908)
Machinery and equipment	(5,755,857)	(1,108,284)	68,780	—	(6,795,361)
Total accumulated depreciation	(28,737,307)	(3,737,721)	68,780	—	(32,406,248)
Total capital assets being depreciated, net	74,545,924	(1,204,455)	—	2,417,691	75,759,160
Net capital assets – Business-type Activities	<u>\$ 76,064,541</u>	<u>\$ 2,907,778</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 78,972,319</u>

A summary of Proprietary Fund Type capital assets at June 30, 2008, 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	413,148	11,095,444
Water and sewer systems	86,504,850	—	—	—	86,504,850
Other improvements	—	21,842	1,439	—	23,281
Machinery and equipment	4,399,704	4,126,597	630,532	1,385,000	10,541,833
Construction in progress	2,986,145	—	—	—	2,986,145
Totals	94,785,931	4,461,639	10,332,849	1,798,148	111,378,567
Less, accumulated depreciation	(27,902,978)	(3,181,792)	(932,242)	(389,236)	(32,406,248)
Net capital assets – Proprietary Funds	<u>\$ 66,882,953</u>	<u>\$ 1,279,847</u>	<u>\$ 9,400,607</u>	<u>\$ 1,408,912</u>	<u>\$ 78,972,319</u>

For the year ended June 30, 2008, depreciation expenses were charged to Business-type activities totaling \$3,737,721 (Water and Sewer Utility – \$2,739,200, Solid Waste Fund – \$349,999, Aquatic Center Fund – \$379,369, and Beach Service – \$269,153, 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, 2008, 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	10/17/00	5.31%	\$ 1,175,000	March 1, 2010
Refunding	12/30/02	3.88%	720,000	February 1, 2012
<u>Revenue Bonds:</u>				
Stormwater	7/08/04	3.77%	4,467,410	September 8, 2012
Total general obligation and revenue bonds			6,362,410	
Less, current portions (payable within one year)			(1,735,544)	
			<u>4,626,866</u>	
<u>Capital Lease:</u>				
Equipment lease '06	4/5/06	3.99%	1,231,025	April 5, 2011
Less, current portions (payable within one year)			(394,396)	
			<u>836,629</u>	
<u>Accrued Compensated Absences</u>				
Less, current portions (payable within one year)			817,355	
			(97,015)	
			<u>720,340</u>	
Total Long-Term Debt — Governmental Activities			<u>\$ 6,183,835</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%	\$ 255,000	March 1, 2009
Less, current portions (payable within one year)			(255,000)	
			<u>—</u>	
<u>Contract payable:</u>				
Myrtle Beach/Grand Strand Water Sale and Purchase Agreement Series	09/18/91	2.75%-5.50%	11,433,333	March 1, 2020
Less, current portions (payable within one year)			(738,333)	
			<u>10,695,000</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatics and Fitness Center Note	11/13/03	4.10%	7,384,471	November 13, 2023
Less, current portions (payable within one year)			(335,656)	
			<u>7,048,815</u>	
<u>Accrued Compensated Absences</u>				
Less, current portions (payable within one year)			293,009	
			(293,009)	
			<u>—</u>	
Total Long-Term Debt — Business-type Activities			<u>\$ 17,743,815</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, 2008, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/08</u>
<b>Governmental Activities</b>					
<u>General Obligation Bonds:</u>					
Municipal Building	10/17/00	\$ 1,705,000	\$ —	\$ (530,000)	\$ 1,175,000
Refunding	12/30/02	883,000	—	(163,000)	720,000
Total general obligation bonds		<u>\$ 2,588,000</u>	<u>\$ —</u>	<u>\$ (693,000)</u>	<u>\$ 1,895,000</u>
<u>Revenue Bonds:</u>					
Stormwater	7/08/04	<u>\$ 5,341,462</u>	<u>\$ —</u>	<u>\$ (874,052)</u>	<u>\$ 4,467,410</u>
<u>Capital Lease Payable:</u>					
New equipment lease '06	4/5/06	<u>\$ 1,610,289</u>	<u>\$ —</u>	<u>\$ (379,264)</u>	<u>\$ 1,231,025</u>
<u>Accrued Compensated Absences:</u>					
Liability for vacation pay:		<u>\$ 724,583</u>	<u>\$ 183,652</u>	<u>\$ (90,880)</u>	<u>\$ 817,355</u>
<b>Business-type Activities</b>					
<u>Revenue Bonds:</u>					
Water and sewer system refunding	11/16/01	<u>\$ 490,000</u>	<u>—</u>	<u>\$ (235,000)</u>	<u>\$ 255,000</u>
<u>Contracts Payable:</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement (See Note 8)	09/18/91	<u>\$ 12,131,666</u>	<u>\$ —</u>	<u>\$ (698,333)</u>	<u>\$ 11,433,333</u>
<u>Notes Payable:</u>					
Aquatics and fitness center note obligation	11/13/03	<u>\$ 7,706,906</u>	<u>\$ —</u>	<u>\$ (322,435)</u>	<u>\$ 7,384,471</u>
<u>Accrued Compensated Absences:</u>					
Liability for vacation pay:		<u>\$ 251,828</u>	<u>\$ 293,009</u>	<u>\$ (251,828)</u>	<u>\$ 293,009</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:			
2009 (Due within one year)	\$ 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>\$ 165,062</u>	<u>\$ 1,895,000</u>	<u>\$ 2,060,062</u>
Revenue Bonds: (Stormwater Utility)			
2009 (Due within one year)	\$ 151,456	\$ 988,544	\$ 1,140,000
2010	113,538	1,026,462	1,140,000
2011	74,164	1,065,836	1,140,000
2012	33,280	1,106,720	1,140,000
2013	5,152	279,848	285,000
	<u>\$ 377,590</u>	<u>\$ 4,467,410</u>	<u>\$ 4,845,000</u>
Revenue Bonds: (Water and Sewer Systems)			
2009 (Due within one year)	\$ 10,022	\$ 255,000	\$ 265,022
	<u>\$ 10,022</u>	<u>\$ 255,000</u>	<u>\$ 265,022</u>
Contract Payable:			
2009 (Due within one year)	\$ 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	434,783	905,000	1,339,783
2014-2018	1,403,325	5,280,000	6,683,325
2019-2020	152,863	2,068,333	2,221,196
	<u>\$ 4,178,079</u>	<u>\$ 11,433,333</u>	<u>\$ 15,611,412</u>
Note Payable:			
2009 (Due within one year)	\$ 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	244,237	394,182	638,419
2014-2018	965,095	2,227,000	3,192,095
2019-2023	469,558	2,722,538	3,192,096
2024	25,144	613,276	638,420
	<u>\$ 2,830,235</u>	<u>\$ 7,384,471</u>	<u>\$ 10,214,706</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**7. Long-Term Debt (Continued)**

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

Capital Lease Obligations

At June 30, 2008, the City maintained capital lease for its Smartnet Motorola system and various equipment in Governmental Activities with a gross value of \$1,916,167. The future minimum lease payments are as follows:

Year Ended June 30,		
2009	\$	443,514
2010		443,514
2011		443,514
Total lease payments		1,330,542
Less, interest		(99,517)
Present value of future minimum lease payments		1,231,025
Less, current portion		(394,396)
Total non-current portion	\$	836,629

**E. Revenue Bond Requirements**

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

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

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

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

Depreciation and Contingent Fund – A transfer from the Gross Revenue Fund is required annually in an amount determined by the City. These funds are to be used for the purposes of restoring depreciated or obsolete items of the system and for contingencies, improvements, betterments and extensions of the system. At June 30, 2008, 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, 2008.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

Water Sale and Purchase Agreement

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

The City's purchase cost incurred, which consists of a pro rata portion of original construction costs incurred by Myrtle Beach, 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, 2008, net carrying value of the deferred charge equaled \$10,464,456 and accumulated amortization expense equaled \$11,028,172. 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, 2008 have been reported in the Enterprise Fund as restricted assets.

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

Wastewater Treatment Service Agreement

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

During FY 03-04, the City exercised its option and acquired additional sewer capacity from GSWSA at a cost of approximately \$9.0 million for 3.0 million gallons per day (mgd). The total capacity of the City's wastewater treatment plants is 5.4 mgd. At June 30, 2008 net carrying value equaled \$7,991,101 and accumulated amortization expense equaled \$1,012,956.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**9. Capital Contributions**

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

For the Proprietary Fund, a summary of capacity charges recognized and system contributions deeded from developers during the year ended June 30, 2008, were as follows:

Utility system impact fees	\$ 2,134,122
System contributions by developers	<u>1,463,400</u>
Total capital contributions	<u>\$ 3,597,522</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:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
<b><u>Invested in Capital Assets, Net of Related Debt:</u></b>		
Net capital assets	\$ 67,590,230	\$ 78,972,319
Less, G.O., revenue bonds, and capital lease payable, net of unamortized bond issue cost	(7,593,435)	(7,635,129)
Less, construction and retainage payable for capital items	—	(1,155,670)
Total invested in capital assets, net of related debt	<u>\$ 59,996,795</u>	<u>\$ 70,181,520</u>
<b><u>Restricted:</u></b>		
Restricted cash, cash equivalents and deposits	\$ 498,686	\$ 16,638,407
Less, liabilities payable from restricted assets	(217,748)	(3,382,223)
	<u>\$ 280,938</u>	<u>\$ 13,256,184</u>
Restricted net assets:		
Public safety:		
Victims' assistance programs	\$ 83,954	\$ —
Drug enforcement programs	121,930	—
Public works:		
Shore protection project	75,054	—
Future capacity	—	12,462,294
Debt service	—	793,890
Total restricted net assets	<u>\$ 280,938</u>	<u>\$ 13,256,184</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.

At June 30, 2008, separate, GAAP financial reports have not been issued for the Money Purchase Retirement Plans #1 and #2.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

**Money Purchase Retirement Plans (Continued)**

C. Funding Policy

For Plan #1, the City contributes 8% of the employees' gross earnings and each participant is required to contribute 2%. Contributions made by the City are vested 100% after 5 years of full-time employment. For Plan #2, the City and each participant contribute 12% and contributions vest immediately. As of June 30, 2008, the plans' participants equaled 212 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2008, approximated \$9,286,030. The City's total payroll, without adjustment for accruals, was approximately \$17,226,735. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2008, equaled \$721,302 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, 2008, equaled \$180,325 and \$10,875 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Assets  
June 30, 2008**

	<b>Pension Trust Funds</b>		
	<b>Money Purchase Retirement Plan #1</b>	<b>Money Purchase Retirement Plan #2</b>	<b>Combined Total</b>
<b>Assets</b>			
Cash and temporary investments	\$ 11,433,576	\$ 342,432	\$ 11,776,008
Receivables – Participant loans	711,681	—	711,681
Total assets	<u>\$ 12,145,257</u>	<u>\$ 342,432</u>	<u>\$ 12,487,689</u>
<b>Net Assets</b>			
Held in trust for employee's pension benefits	<u>\$ 12,145,257</u>	<u>\$ 342,432</u>	<u>\$ 12,487,689</u>

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, 2008**

	<b>Pension Trust Funds</b>		
	<b>Money Purchase Retirement Plan #1</b>	<b>Money Purchase Retirement Plan #2</b>	<b>Combined Total</b>
<b>Additions</b>			
Employer contributions	\$ 748,779	\$ 11,278	\$ 760,057
Employee (member) contributions	187,195	11,278	198,473
Investment income (loss)	(596,168)	(16,495)	(612,663)
Non-vested rollover	—	—	—
Total additions	<u>339,806</u>	<u>6,061</u>	<u>345,867</u>
<b>Deductions</b>			
Benefit payments/loan issuance costs	784,866	—	784,866
Trustee fees	4,166	—	4,166
Forfeitures	684	—	684
Total deductions	<u>789,716</u>	<u>—</u>	<u>789,716</u>
Change in net assets	(449,910)	6,061	(443,849)
Net assets, beginning of year	<u>12,595,167</u>	<u>336,371</u>	<u>12,931,538</u>
Net assets, end of year	<u>\$ 12,145,257</u>	<u>\$ 342,432</u>	<u>\$ 12,487,689</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, 2008, 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, 2008, 2007 and 2006 were \$632,882, \$592,619, and \$597,082, 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 (\$433,019 at June 30, 2008) are maintained by a third-party trustee. At June 30, 2008, \$147,532 has been recorded as a receivable in the General Fund (*See Note 3*) from the excess of net assets over actuarial liabilities.

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

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

**12. Risk Management**

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

The City participates in the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF), an insurance pool currently operating as a common risk management and insurance program. The pool provides coverage up to \$500,000 for property and liability insurance. The pool has excess commercial insurance that increases coverage to \$300,000 (per occurrence) for property, \$1 million for liability, \$75 million for boiler and machinery and \$100,000 surety coverage. The City pays an annual premium to SCMIRF for its general insurance coverage. Payments made for the year ended June 30, 2008, were \$674,823.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**12. Risk Management (Continued)**

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

The City participates in the South Carolina Municipal Insurance Trust (SCMIT), an insurance pool covering the City’s worker’s compensation liability program. The City funds the costs by charging premiums to user departments. Claims in excess of \$600,000 (stop-loss provision) are issued by a private carrier selected by the SCMIT. The City made premium payments totaling \$498,191 for the year ended June 30, 2008. The limits of liability for tort actions not specifically exempt by the South Carolina Government Tort Claims Act are \$300,000 per person and \$600,000 per occurrence.

Changes in the aggregate liability are as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Unpaid claims at beginning of year	\$ 80,874	\$ 189,337	\$ 43,322
Incurred claims for current and prior year events where the City has retained risk of loss	3,280,261	2,527,933	2,914,063
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(3,203,591)</u>	<u>(2,636,396)</u>	<u>(2,768,048)</u>
(Reserve)/unpaid claims at end of year	<u>\$ 4,204</u>	<u>\$ 80,874</u>	<u>\$ 189,337</u>

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, 2008, the cost of retiree medical insurance was approximately \$102,191.

The City is required to implement provisions of GASB #45, *Accounting and Financial Reporting by Employees for Postemployment Benefit’s Other Than Pensions*, for it’s fiscal year 2009-2010.

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:

<i>Capital assets in governmental activities are not financial resources and therefore are not reported in the fund financial statements:</i>	
Capital assets	\$ 92,845,239
Less, accumulated depreciation	(25,255,009)
Net amount reported	<u>\$ 67,590,230</u>
 <i>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:</i>	
Property taxes, net of allowance for uncollectible	\$ 242,545
Net amount reported	<u>\$ 242,545</u>
 <i>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:</i>	
Accrued interest expense	\$ (44,717)
General obligation bonds payable	(1,895,000)
Revenue bonds payable	(4,467,410)
Capital lease payable	(1,231,025)
Accrued compensated absences – long-term portion	(720,340)
Net amount reported	<u>\$ (8,358,492)</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	\$ 5,965,455
Depreciation expense	(3,410,484)
	<u>(20,942)</u>
Net amount reported	<u>\$ 2,534,029</u>

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

Property taxes	\$ 159,090
Developer contributions	827,988
Net amount reported	<u>\$ 987,078</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	\$ (86,637)
Accrued interest expense – net	15,799
Net amount reported	<u>\$ (70,838)</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	\$ 1,946,316
Net amount reported	<u>\$ 1,946,316</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2008

(With comparative actual amounts for June 30, 2007)

**Note to Schedule:** Budget to Actual Deficits - Actual General Fund expenditures were funded by unreserved and reserved fund balances, additional unbudgeted revenue and transfers.

	2008		Actual	Variance Positive (Neg.)	2007
	Budget Original	Budget Final			Actual
<b>Revenue</b>					
Current property taxes	\$ 8,450,000	\$ 8,450,000	\$ 9,337,950	\$ 887,950	\$ 8,312,388
Delinquent property taxes	190,000	190,000	166,898	(23,102)	173,607
Licenses and permits	8,333,000	8,333,000	7,368,349	(964,651)	9,208,744
Fines and forfeitures	649,000	649,000	498,923	(150,077)	946,703
Use of money and property	585,000	585,000	402,030	(182,970)	681,250
Unrestricted intergovernmental	1,107,600	1,107,600	1,040,789	(66,811)	970,104
Restricted intergovernmental	231,000	231,000	369,094	138,094	135,459
Sales and service charges	331,500	331,500	298,351	(33,149)	355,489
Miscellaneous	25,000	25,000	120,687	95,687	52,052
<b>Total revenue</b>	<b>19,902,100</b>	<b>19,902,100</b>	<b>19,603,071</b>	<b>(299,029)</b>	<b>20,835,796</b>
<b>Expenditures</b>					
<b>General Government Administration</b>					
General services	670,089	2,320,089	2,385,956	(65,867)	4,670,629
Legislative	67,362	67,362	77,837	(10,475)	66,605
Administrative	141,860	141,860	121,587	20,273	131,823
City Court	383,450	383,450	397,677	(14,227)	344,631
Legal	132,857	132,857	198,308	(65,451)	192,550
Economic development	81,947	81,947	—	81,947	—
Personnel	432,755	432,755	436,036	(3,281)	443,645
Total	1,910,320	3,560,320	3,617,401	(57,081)	5,849,883
Less, capital outlay	—	(1,650,000)	(1,663,978)	13,978	(5,916,432)
Net general government administration	1,910,320	1,910,320	1,953,423	(43,103)	(66,549)
<b>Finance</b>					
Accounting	306,800	506,800	390,726	116,074	304,193
Revenue	360,462	360,462	373,299	(12,837)	326,515
Total	667,262	867,262	764,025	103,237	630,708
Less, capital outlay	(25,000)	(225,000)	(222,218)	(2,782)	(47,954)
Net finance	642,262	642,262	541,807	100,455	582,754
<b>Information Services</b>					
Total	464,506	464,506	445,146	19,360	396,211
Less, capital outlay	(237,000)	(237,000)	(95,263)	(141,737)	(77,177)
Net information services	227,506	227,506	349,883	(122,377)	319,034
<b>Public Safety</b>					
Administrative	366,270	366,270	361,339	4,931	357,354
Uniform patrol	4,566,025	4,628,325	4,651,397	(23,072)	4,247,677
Community services	779,780	779,780	824,557	(44,777)	747,304
Detectives	895,456	895,456	859,088	36,368	878,229
Communications/Detention	1,109,379	1,109,379	1,086,437	22,942	1,033,542
Records	277,692	277,692	279,222	(1,530)	265,421
Victim's assistance	67,325	67,325	59,730	7,595	60,234
Police training	240,992	240,992	224,465	16,527	200,213
Fire suppression	2,645,765	2,645,765	2,772,761	(126,996)	2,865,592
Fire prevention	295,092	295,092	320,630	(25,538)	312,347
Total	11,243,776	11,306,076	11,439,626	(133,550)	10,967,913
Less, capital outlay	(601,078)	(663,378)	(745,537)	82,159	(956,436)
Net public safety	10,642,698	10,642,698	10,694,089	(51,391)	10,011,477

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2008			2007	
	Budget		Actual	Positive (Neg.)	Actual
	Original	Final			
<b>Expenditures (Continued)</b>					
<b>Planning/Development</b>					
Planning/zoning administration:	836,398	836,398	685,491	150,907	768,951
Code enforcement	848,882	848,882	602,587	246,295	704,291
Total	1,685,280	1,685,280	1,288,078	397,202	1,473,242
Less, capital outlay	(19,000)	(19,000)	(5,871)	(13,129)	—
Net planning/development	1,666,280	1,666,280	1,282,207	384,073	1,473,242
<b>Public Works</b>					
Streets/drainage	1,935,534	1,935,534	1,994,597	(59,063)	1,868,445
Less, capital outlay	(274,000)	(274,000)	(251,649)	(22,351)	(374,818)
Net public works	1,661,534	1,661,534	1,742,948	(81,414)	1,493,627
<b>Parks and Recreation</b>					
Recreation	782,657	792,657	856,658	(64,001)	678,795
Parks and grounds	1,511,511	1,511,511	1,216,657	294,854	1,410,606
Total	2,294,168	2,304,168	2,073,315	230,853	2,089,401
Less, capital outlay	(499,300)	(499,300)	(220,591)	(278,709)	(489,785)
Net parks and recreation	1,794,868	1,804,868	1,852,724	(47,856)	1,599,616
<b>Support Services</b>					
Purchasing	181,485	181,485	176,408	5,077	161,711
Fleet maintenance	270,524	270,524	291,897	(21,373)	227,249
Custodial services	242,736	242,736	354,660	(111,924)	251,783
Total	694,745	694,745	822,965	(128,220)	640,743
Less, capital outlay	(40,000)	(40,000)	(56,993)	16,993	(16,401)
Net support services	654,745	654,745	765,972	(111,227)	624,342
<b>Debt Service</b>					
Principal retirement	1,072,264	1,072,264	1,069,264	3,000	1,030,711
Interest and fiscal charges	189,046	189,046	192,046	(3,000)	236,732
Agent fees	20,000	20,000	—	20,000	3,866
Total debt service	1,281,310	1,281,310	1,261,310	20,000	1,271,309
<b>Capital Outlay</b>	1,695,378	3,607,678	3,262,100	345,578	7,879,003
<b>Total expenditures</b>	<b>22,176,901</b>	<b>24,099,201</b>	<b>23,706,463</b>	<b>392,738</b>	<b>25,187,855</b>
Excess (deficiency) of revenue over (under) expenditures	(2,274,801)	(4,197,101)	(4,103,392)	93,709	(4,352,059)
<b>Other Financing Sources (Uses)</b>					
Transfers in:					
From Accommodations (2%) Tax Fund	1,069,248	1,069,248	1,069,248	—	1,073,315
From Local (1.5%) Accommodations Tax Fund	1,500,000	1,500,000	1,210,137	(289,863)	1,498,529
From Hospitality (1.0%) Tax Fund	1,925,000	1,925,000	2,278,643	353,643	1,893,548
Transfers (out):					
To Capital Improvement Fund	(1,525,000)	(1,525,000)	(1,525,000)	—	—
To Street Improvement Fund	(750,000)	(750,000)	(750,000)	—	(660,000)
To Beach Service Fund	—	—	—	—	(1,124,000)
Total other financing sources (uses)	2,219,248	2,219,248	2,283,028	63,780	2,681,392
<b>Net change in fund balances</b>	<b>(55,553)</b>	<b>(1,977,853)</b>	<b>(1,820,364)</b>	<b>157,489</b>	<b>(1,670,667)</b>
Fund balance, beginning of year	11,510,840	11,510,840	11,510,840	—	13,181,507
Fund balance, end of year	\$ 11,455,287	\$ 9,532,987	\$ 9,690,476	\$ 157,489	\$ 11,510,840

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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

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	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 Improvement	Beach Renourishment	
<b>Assets</b>									
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Equity in pooled cash and cash equivalents	—	—	—	953,776	—	1,325,481	453,413	75,054	2,807,724
Receivables	—	421,654	237,592	79,364	—	—	—	—	738,610
Due from other funds	—	—	—	—	—	—	—	—	—
Due from other governments	760,002	—	—	—	—	—	60,000	—	820,002
<b>Total assets</b>	<b>\$ 760,002</b>	<b>\$ 421,654</b>	<b>\$ 237,592</b>	<b>\$ 1,033,140</b>	<b>\$ —</b>	<b>\$ 1,325,481</b>	<b>\$ 513,413</b>	<b>\$ 75,054</b>	<b>\$ 4,366,336</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 228,001	\$ —	\$ —	\$ 8,505	\$ —	\$ 10	\$ 193,982	\$ —	\$ 430,498
Retainage payable	—	—	—	—	—	—	—	—	—
Due to other funds	381,455	421,654	237,592	—	—	—	—	—	1,040,701
<b>Total liabilities</b>	<b>609,456</b>	<b>421,654</b>	<b>237,592</b>	<b>8,505</b>	<b>—</b>	<b>10</b>	<b>193,982</b>	<b>—</b>	<b>1,471,199</b>
<b>Fund balances:</b>									
Reserved for:									
Shore Protection Project Unreserved/undesignated	—	—	—	—	—	—	—	75,054	75,054
<b>Total fund balances</b>	<b>150,546</b>	<b>—</b>	<b>—</b>	<b>1,024,635</b>	<b>—</b>	<b>1,325,471</b>	<b>319,431</b>	<b>—</b>	<b>2,820,083</b>
<b>Total liabilities and fund balances</b>	<b>\$ 760,002</b>	<b>\$ 421,654</b>	<b>\$ 237,592</b>	<b>\$ 1,033,140</b>	<b>\$ —</b>	<b>\$ 1,325,481</b>	<b>\$ 513,413</b>	<b>\$ 75,054</b>	<b>\$ 4,366,336</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2008

	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 Fund	Bond	Stormwater Fund	Capital Improvement	Street Improvement	Beach Renourishment	
<b>Revenue</b>											
Use of money and property	\$ 27,789	\$ —	\$ —	\$ 13,624	\$ —	\$ —	\$ 113,894	\$ 12,219	\$ 3,622	\$ 171,148	
Restricted intergovernmental	2,528,880	2,235,771	1,997,487	—	—	—	—	654,543	—	7,416,681	
Sales and service charges	—	—	—	1,944,616	—	—	120	—	—	1,944,736	
Miscellaneous	—	—	—	—	—	—	100,000	—	—	100,000	
Total revenue	2,556,669	2,235,771	1,997,487	1,938,240	—	—	214,014	666,762	3,622	9,632,565	
<b>Expenditures</b>											
Current:											
Public works	—	—	—	24,160	—	—	847,057	1,975,264	82,322	2,928,803	
Parks and recreation	1,340,461	—	—	—	—	—	—	—	—	1,340,461	
Debt Service	—	—	—	—	1,140,000	—	—	—	—	1,140,000	
Total expenditures	1,340,461	—	—	24,160	1,140,000	—	847,057	1,975,264	82,322	5,409,264	
Excess (deficiency) of revenue over (under) expenditures	1,216,208	2,235,771	1,997,487	1,934,080	(1,140,000)	—	(633,043)	(1,308,502)	(78,700)	4,223,301	
<b>Other Financing Sources (Uses)</b>											
Transfers in	—	—	—	—	—	1,140,000	1,525,000	750,000	—	3,415,000	
Transfers (out)	(1,535,948)	(2,235,771)	(1,997,487)	(1,140,000)	—	—	—	—	—	(6,909,206)	
Total other financing sources (uses)	(1,535,948)	(2,235,771)	(1,997,487)	(1,140,000)	1,140,000	1,140,000	1,525,000	750,000	—	(3,494,206)	
Net change in fund balances	(319,740)	—	—	794,080	—	—	891,957	(558,502)	(78,700)	729,095	
Fund balances, beginning of year	470,286	—	—	230,555	—	—	433,514	877,933	153,754	2,166,042	
Fund balances, end of year	\$ 150,546	\$ —	\$ —	\$ 1,024,635	\$ —	\$ —	\$ 1,325,471	\$ 319,431	\$ 75,054	\$ 2,895,137	

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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, 2008  
(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,901,926	\$ 4,706,491
Equity in pooled cash and cash equivalents	163,460	—
Receivables:		
Property taxes	649,471	588,545
Less, allowance for doubtful accounts	(540,654)	(489,636)
Franchise fees	432,518	439,567
Accommodations taxes	—	35,323
Defined Benefit Pension Trust Fund	147,532	194,259
Other receivables	675	(804)
Due from other governments:		
Federal grant	5,885	—
Due from other funds:		
Accommodations (2%) Tax Fund	381,455	—
Local Accommodations (1.5%) Tax Fund	281,156	302,415
Hospitality (1.0%) Fees Fund	237,592	224,959
Stormwater Fund	—	—
Capital Improvement Fund	—	715,976
Street Improvement Fund	—	444,377
Beach Renourishment Fund	—	1,722,246
Water and Sewer Utility Fund	—	—
Solid Waste Fund	1,291,207	1,144,110
Aquatic Center Fund	461,782	1,080,552
Beach Service Fund	2,994,716	1,758,107
Inventories	238,136	239,451
Restricted assets:		
Cash and cash equivalents:		
Drug enforcement account	121,930	66,550
Police seizures held	27,239	24,767
Public safety scholarship fund	49,339	—
Equity in pooled cash and cash equivalents:		
Bail bond account	185,522	195,974
Total assets	<u>\$ 12,030,887</u>	<u>\$ 13,393,229</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
BALANCE SHEET

— CONTINUED —

	<u>2008</u>	<u>2007</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 513,133	\$ 535,919
Accrued payroll and withholdings payable	326,183	262,396
Medical claims payable, net	186,332	117,807
Accrued compensated absences	97,015	90,880
Due to other funds:		
Water and Sewer Utility Fund	1,000,000	604,323
Accommodations (2%) Tax Fund	—	35,323
Payable from restricted assets:		
Bail bonds	185,523	195,974
Police seizures held	27,239	24,767
Magistrate payable	4,986	—
Deposits-performance bonds	—	15,000
Total liabilities	<u>2,340,411</u>	<u>1,882,389</u>
Fund Balance:		
Reserved for inventories	238,136	239,451
Reserved for victims assistance	83,954	75,265
Reserved for drug enforcement	121,930	66,550
Reserved for J. Causey Memorial	2,295	2,295
Reserved for admissions tax	30,140	—
Unreserved:		
Designated for contingencies	250,000	250,000
Designated for recovery emergency area	142,500	142,500
Undesignated	9,690,476	10,734,779
Total fund balance	<u>9,690,476</u>	<u>11,510,840</u>
Total liabilities and fund balance	<u>\$ 12,030,887</u>	<u>\$ 13,393,229</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, 2008  
 (With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Revenue</b>				
Current property taxes	\$ 8,450,000	\$ 9,337,950	\$ 887,950	\$ 8,312,388
Delinquent property taxes:				
Real and personal property	135,000	83,010	(51,990)	103,520
Penalties	55,000	83,888	28,888	70,087
	190,000	166,898	(23,102)	173,607
Licenses and permits:				
Business licenses	5,565,000	5,260,118	(304,882)	6,535,882
Business license penalties	47,500	51,782	4,282	72,017
Hospitality fees	—	—	—	—
Hospitality fee penalties	—	—	—	—
Building permits	900,000	411,388	(488,612)	1,001,339
Inspection fees	3,500	3,445	(55)	5,490
Other permits	7,000	19,195	12,195	11,690
Franchise fee – electricity	1,085,000	1,101,364	16,364	1,097,962
Franchise fee – cable TV	410,000	430,352	20,352	401,741
Franchise fee – telephone	240,000	—	(240,000)	—
Franchise fee – gas	75,000	90,705	15,705	82,623
	8,333,000	7,368,349	(964,651)	9,208,744
Fines and forfeitures:				
Fines	1,250,000	845,943	(404,057)	1,382,831
Seizures	30,000	51,620	21,620	23,523
Improper parking	9,000	10,146	1,146	12,248
Victims assistance	60,000	68,419	8,419	52,509
Less, remittances to State Treasurer	(700,000)	(477,205)	(222,795)	(524,408)
	649,000	498,923	(150,077)	946,703
Use of money and property:				
Interest on investments	500,000	310,524	(189,476)	556,022
Property rental	85,000	91,506	6,506	125,228
	585,000	402,030	(182,970)	681,250
Unrestricted intergovernmental:				
Local government	316,000	352,210	36,210	315,601
Homestead exemption tax	95,000	93,531	(1,469)	89,839
Business inventory tax	36,600	36,616	16	36,616
Accommodations tax	155,000	157,483	2,483	149,907
Admissions tax	250,000	203,041	(46,959)	205,929
Motor carrier tax	15,000	20,270	5,270	17,823
Alcoholic beverage permit fees	240,000	177,638	(62,362)	154,389
	1,107,600	1,040,789	(66,811)	970,104

— 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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Revenue (Continued)</b>				
Restricted intergovernmental:				
FEMA grant	90,000	6,772	(83,228)	28,558
Federal – other grants	80,000	187,322	107,322	28,633
State grants	20,000	118,000	98,000	49,768
Horry County recreation	41,000	57,000	16,000	28,500
	<u>231,000</u>	<u>369,094</u>	<u>138,094</u>	<u>135,459</u>
Sales and service charges:				
City codes and ordinances	10,000	12,965	2,965	8,129
Fire protection – contracts	120,000	107,326	(12,674)	129,170
Street work	25,000	3,312	(21,688)	2,084
Beach services franchise	60,000	60,000	—	105,000
Recreation fees	77,500	80,301	2,801	65,509
GIS Data	1,500	—	(1,500)	—
NMB area historical museum	2,500	—	(2,500)	2,500
Miscellaneous	35,000	34,447	(553)	43,097
	<u>331,500</u>	<u>298,351</u>	<u>(33,149)</u>	<u>355,489</u>
Miscellaneous:				
Insurance reimbursements	25,000	55,774	30,774	29,003
Grants from private entities	—	64,913	64,913	23,049
	<u>25,000</u>	<u>120,687</u>	<u>95,687</u>	<u>52,052</u>
<b>Total revenue</b>	<b><u>19,902,100</u></b>	<b><u>19,603,071</u></b>	<b><u>(299,029)</u></b>	<b><u>20,835,796</u></b>
<b>Expenditures</b>				
<b>General Government Administration</b>				
General services:				
Personal services	137,000	163,824	(26,824)	150,865
Operating expenditures	1,176,900	1,251,818	(74,918)	1,227,703
Capital expenditure	1,650,000	1,663,978	(13,978)	5,916,432
Less, overhead allocation-utility	(643,811)	(693,664)	49,853	(2,624,371)
	<u>2,320,089</u>	<u>2,385,956</u>	<u>(65,867)</u>	<u>4,670,629</u>
Legislative:				
Personal services	133,793	145,781	(11,988)	133,955
Operating expenditures	15,900	27,190	(11,290)	14,051
Less, overhead allocation-utility	(82,331)	(95,134)	12,803	(81,401)
	<u>67,362</u>	<u>77,837</u>	<u>(10,475)</u>	<u>66,605</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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>General Government Administration (Cont.)</b>				
Administrative:				
Personal services	225,994	232,375	(6,381)	227,508
Operating expenditures	89,250	37,818	51,432	65,431
Less, overhead allocation-utility	(173,384)	(148,606)	(24,778)	(161,116)
	<u>141,860</u>	<u>121,587</u>	<u>20,273</u>	<u>131,823</u>
City Court:				
Personal services	326,175	338,993	(12,818)	293,728
Operating expenditures	57,275	58,684	(1,409)	50,903
	<u>383,450</u>	<u>397,677</u>	<u>(14,227)</u>	<u>344,631</u>
Legal:				
Personal services	185,855	188,265	(2,410)	189,098
Operating expenditures	109,382	252,420	(143,038)	238,790
Less, overhead allocation-utility	(162,380)	(242,377)	79,997	(235,338)
	<u>132,857</u>	<u>198,308</u>	<u>(65,451)</u>	<u>192,550</u>
Economic development:				
Personal services	71,947	—	71,947	—
Operating expenditures	10,000	—	10,000	—
Less, overhead allocation-utility	—	—	—	—
	<u>81,947</u>	<u>—</u>	<u>81,947</u>	<u>—</u>
Personnel:				
Personal services	692,729	692,038	691	591,806
Operating expenditures	53,400	58,617	(5,217)	60,613
Less, overhead allocation-utility	(313,374)	(314,619)	1,245	(208,774)
	<u>432,755</u>	<u>436,036</u>	<u>(3,281)</u>	<u>443,645</u>
Total general government administration	3,560,320	3,617,401	(57,081)	5,849,883
Less, total capital outlay	<u>(1,650,000)</u>	<u>(1,663,978)</u>	<u>13,978</u>	<u>(5,916,432)</u>
<b>Net general government administration</b>	<u>1,910,320</u>	<u>1,953,423</u>	<u>(43,103)</u>	<u>(66,549)</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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Finance</b>				
Accounting:				
Personal services	492,300	470,315	21,985	405,962
Operating expenditures	96,300	88,919	7,381	101,056
Capital expenditures	225,000	222,218	2,782	29,793
Less, overhead allocation-utility	(306,800)	(390,726)	83,926	(232,618)
	<u>506,800</u>	<u>390,726</u>	<u>116,074</u>	<u>304,193</u>
Revenue:				
Personal services	327,362	337,688	(10,326)	270,286
Operating expenditures	33,100	35,611	(2,511)	38,068
Capital expenditures	—	—	—	18,161
	<u>360,462</u>	<u>373,299</u>	<u>(12,837)</u>	<u>326,515</u>
Total finance	867,262	764,025	103,237	630,708
Less, total capital outlay	(225,000)	(222,218)	(2,782)	(47,954)
<b>Net finance</b>	<u>642,262</u>	<u>541,807</u>	<u>100,455</u>	<u>582,754</u>
<b>Information Services</b>				
Personal services	454,058	453,310	748	395,036
Operating services	96,240	206,997	(110,757)	203,146
Capital expenditures	237,000	95,263	141,737	77,177
Less, overhead allocation utility	(322,792)	(310,424)	12,368	(279,148)
	<u>464,506</u>	<u>445,146</u>	<u>19,360</u>	<u>396,211</u>
Total information services	464,506	445,146	19,360	396,211
Less, total capital outlay	(237,000)	(95,263)	(141,737)	(77,177)
<b>Net information services</b>	<u>227,506</u>	<u>349,883</u>	<u>(122,377)</u>	<u>319,034</u>
<b>Public Safety</b>				
Administrative:				
Personal services	339,720	333,403	6,317	308,249
Operating expenditures	26,550	27,936	(1,386)	49,105
Capital expenditures	—	—	—	—
	<u>366,270</u>	<u>361,339</u>	<u>4,931</u>	<u>357,354</u>
Uniform patrol:				
Personal services	3,623,525	3,663,859	(40,334)	3,400,879
Operating expenditures	578,500	458,627	119,873	478,476
Capital expenditures	426,300	528,911	(102,611)	368,322
	<u>4,628,325</u>	<u>4,651,397</u>	<u>(23,072)</u>	<u>4,247,677</u>
Community services:				
Personal services	601,725	632,996	(31,271)	564,422
Operating expenditures	178,055	191,561	(13,506)	162,605
Capital expenditures	—	—	—	20,277
	<u>779,780</u>	<u>824,557</u>	<u>(44,777)</u>	<u>747,304</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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Public Safety (Cont.)</b>				
Detectives:				
Personal services	796,706	782,193	14,513	756,449
Operating expenditures	98,750	76,895	21,855	90,880
Capital expenditures	—	—	—	30,900
	<u>895,456</u>	<u>859,088</u>	<u>36,368</u>	<u>878,229</u>
Communications/Detention:				
Personal services	954,629	957,896	(3,267)	875,831
Operating expenditures	163,540	143,578	19,962	146,100
Capital expenditures	87,678	79,436	8,242	66,008
Less, overhead allocation-utility	(96,468)	(94,473)	(1,995)	(54,397)
	<u>1,109,379</u>	<u>1,086,437</u>	<u>22,942</u>	<u>1,033,542</u>
Records:				
Personal services	184,602	185,388	(786)	156,379
Operating expenditures	93,090	93,834	(744)	109,042
Capital expenditures	—	—	—	—
	<u>277,692</u>	<u>279,222</u>	<u>(1,530)</u>	<u>265,421</u>
Victim's assistance:				
Personal services	57,870	57,539	331	55,329
Operating expenditures	9,455	2,191	7,264	4,905
	<u>67,325</u>	<u>59,730</u>	<u>7,595</u>	<u>60,234</u>
Police training:				
Personal services	219,012	204,024	14,988	173,418
Operating expenditures	21,980	20,441	1,539	26,795
	<u>240,992</u>	<u>224,465</u>	<u>16,527</u>	<u>200,213</u>
Fire suppression:				
Personal services	2,287,740	2,357,798	(70,058)	2,130,676
Operating expenditures	208,625	293,673	(85,048)	297,485
Capital expenditures	149,400	121,290	28,110	437,431
	<u>2,645,765</u>	<u>2,772,761</u>	<u>(126,996)</u>	<u>2,865,592</u>
Fire prevention:				
Personal services	269,337	281,372	(12,035)	261,274
Operating expenditures	25,755	23,358	2,397	17,575
Capital expenditures	—	15,900	(15,900)	33,498
	<u>295,092</u>	<u>320,630</u>	<u>(25,538)</u>	<u>312,347</u>
Total public safety	11,306,076	11,439,626	(133,550)	10,967,913
Less, total capital outlay	(663,378)	(745,537)	82,159	(956,436)
<b>Net public safety</b>	<u>10,642,698</u>	<u>10,694,089</u>	<u>(51,391)</u>	<u>10,011,477</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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Planning/Development</b>				
Planning/zoning administration:				
Personal services	751,637	601,527	150,110	697,104
Operating expenditures	65,761	78,093	(12,332)	71,847
Capital expenditures	19,000	5,871	13,129	—
	<u>836,398</u>	<u>685,491</u>	<u>150,907</u>	<u>768,951</u>
Building:				
Personal services	674,110	570,650	103,460	569,720
Operating expenditures	219,450	63,652	155,798	171,639
Capital expenditures	—	—	—	—
Less, overhead allocation-utility	(44,678)	(31,715)	(12,963)	(37,068)
	<u>848,882</u>	<u>602,587</u>	<u>246,295</u>	<u>704,291</u>
Total planning/development	1,685,280	1,288,078	397,202	1,473,242
Less, total capital outlay	(19,000)	(5,871)	(13,129)	—
<b>Net planning/development</b>	<u>1,666,280</u>	<u>1,282,207</u>	<u>384,073</u>	<u>1,473,242</u>
<b>Public Works</b>				
Streets/drainage:				
Personal services	1,059,093	1,088,519	(29,426)	925,493
Operating expenditures	817,500	876,051	(58,551)	775,739
Capital expenditures	274,000	251,649	22,351	374,818
Less, overhead allocation-utility	(215,059)	(221,622)	6,563	(207,605)
	<u>1,935,534</u>	<u>1,994,597</u>	<u>(59,063)</u>	<u>1,868,445</u>
Total public works	1,935,534	1,994,597	(59,063)	1,868,445
Less, total capital outlay	(274,000)	(251,649)	(22,351)	(374,818)
<b>Net public works</b>	<u>1,661,534</u>	<u>1,742,948</u>	<u>(81,414)</u>	<u>1,493,627</u>
<b>Parks and Recreation</b>				
Recreation:				
Personal services	434,522	416,891	17,631	378,450
Operating expenditures	358,135	439,767	(81,632)	242,814
Capital expenditures	—	—	—	57,531
	<u>792,657</u>	<u>856,658</u>	<u>(64,001)</u>	<u>678,795</u>
Parks and grounds:				
Personal services	637,361	642,683	(5,322)	568,497
Operating expenditures	374,850	353,383	21,467	409,855
Capital expenditures	499,300	220,591	278,709	432,254
	<u>1,511,511</u>	<u>1,216,657</u>	<u>294,854</u>	<u>1,410,606</u>
Total parks and recreation	2,304,168	2,073,315	230,853	2,089,401
Less, total capital outlay	(499,300)	(220,591)	(278,709)	(489,785)
<b>Net parks and recreation</b>	<u>1,804,868</u>	<u>1,852,724</u>	<u>(47,856)</u>	<u>1,599,616</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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Support Services</b>				
Purchasing:				
Personal services	424,339	413,540	10,799	364,026
Operating expenditures	29,375	27,480	1,895	30,391
Capital expenditures	—	—	—	—
Less, overhead allocations- utility	(272,229)	(264,612)	(7,617)	(232,706)
	<u>181,485</u>	<u>176,408</u>	<u>5,077</u>	<u>161,711</u>
Fleet management:				
Personal services	361,249	377,678	(16,429)	289,158
Operating expenditures	49,625	51,824	(2,199)	49,517
Capital expenditures	40,000	56,993	(16,993)	16,401
Less, overhead allocation-utility	(180,350)	(194,598)	14,248	(127,827)
	<u>270,524</u>	<u>291,897</u>	<u>(21,373)</u>	<u>227,249</u>
Custodial Services:				
Personnel services	215,850	222,726	(6,876)	151,445
Operating expenses	197,905	340,227	(142,322)	277,731
Less, overhead allocation-utility	(171,019)	(208,293)	37,274	(177,393)
	<u>242,736</u>	<u>354,660</u>	<u>(111,924)</u>	<u>251,783</u>
Total support services	694,745	822,965	(128,220)	640,743
Less, total capital outlay	(40,000)	(56,993)	16,993	(16,401)
<b>Net support services</b>	<u>654,745</u>	<u>765,972</u>	<u>(111,227)</u>	<u>624,342</u>
<b>Debt Service</b>				
Principal retirement	1,072,264	1,069,264	3,000	1,030,711
Interest and fiscal charges	189,046	192,046	(3,000)	236,732
Agent fees	20,000	—	20,000	3,866
<b>Total debt service</b>	<u>1,281,310</u>	<u>1,261,310</u>	<u>20,000</u>	<u>1,271,309</u>
<b>Capital Outlay</b>	<u>3,607,678</u>	<u>3,262,100</u>	<u>345,578</u>	<u>7,879,003</u>
<b>Total expenditures</b>	<u>24,099,201</u>	<u>23,706,463</u>	<u>392,738</u>	<u>25,187,855</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(4,197,101)</u>	<u>(4,103,392)</u>	<u>93,709</u>	<u>(4,352,059)</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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Other Financing Sources (Uses)</b>				
Transfers in:				
From Accommodations (2%) Tax Fund	1,069,248	1,069,248	—	1,073,315
From Local (1.5%) Accommodations Tax Fund	1,500,000	1,210,137	(289,863)	1,498,529
From Local (1%) Hospitality Fee Fund	1,925,000	2,278,643	353,643	1,893,548
Transfers (out):				
To Beach Service Fund	—	—	—	(1,124,000)
To Capital Improvement Fund	(1,525,000)	(1,525,000)	—	—
To Street Improvement Fund	(750,000)	(750,000)	—	(660,000)
Total other financing sources (uses)	<u>2,219,248</u>	<u>2,283,028</u>	<u>63,780</u>	<u>2,681,392</u>
<b>Net change in fund balance</b>	<b>(1,977,853)</b>	<b>(1,820,364)</b>	<b>157,489</b>	<b>(1,670,667)</b>
Fund balance, beginning of year	<u>11,510,840</u>	<u>11,510,840</u>	<u>—</u>	<u>13,181,507</u>
Fund balance, end of year	<u>\$ 9,532,987</u>	<u>\$ 9,690,476</u>	<u>\$ 157,489</u>	<u>\$ 11,510,840</u>

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## 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, 2008  
(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ 11,136
Due from General Fund	—	35,323
Due from other governments	760,002	671,135
Total assets	<u>\$ 760,002</u>	<u>\$ 717,594</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 228,001	\$ 247,308
Due to General Fund	381,455	—
Total liabilities	<u>609,456</u>	<u>247,308</u>
Fund balance:		
Unreserved/undesignated	<u>150,546</u>	<u>470,286</u>
Total liabilities and fund balance	<u>\$ 760,002</u>	<u>\$ 717,594</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, 2008  
 (With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 20,000	\$ 27,789	\$ 7,789	\$ 45,263
Restricted intergovernmental:				
SCDHEC Grant	—	11,700	11,700	7,350
Accommodations tax revenue	2,412,900	2,517,180	104,280	2,373,232
Total revenue	<u>2,432,900</u>	<u>2,556,669</u>	<u>123,769</u>	<u>2,425,845</u>
<b>Expenditures</b>				
Parks and recreation:				
City improvements – operations and maintenance	45,900	55,462	(9,562)	139,526
Allocations to other agencies	1,262,065	1,284,999	(22,934)	1,025,814
Total expenditures	<u>1,307,965</u>	<u>1,340,461</u>	<u>(32,496)</u>	<u>1,165,340</u>
Excess of revenue over expenditures	<u>1,124,935</u>	<u>1,216,208</u>	<u>91,273</u>	<u>1,260,505</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(1,535,948)	(1,535,948)	—	(1,295,880)
Total other financing sources (uses)	<u>(1,535,948)</u>	<u>(1,535,948)</u>	<u>—</u>	<u>(1,295,880)</u>
<b>Net change in fund balances</b>	<b>(411,013)</b>	<b>(319,740)</b>	<b>91,273</b>	<b>(35,375)</b>
Fund balance, beginning of year	<u>470,286</u>	<u>470,286</u>	<u>91,273</u>	<u>505,661</u>
Fund balance, end of year	<u>\$ 59,273</u>	<u>\$ 150,546</u>	<u>\$ 91,273</u>	<u>\$ 470,286</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX FUND  
BALANCE SHEET

JUNE 30, 2008

(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Receivables	\$ 421,654	\$ 453,573
Total assets	<u>\$ 421,654</u>	<u>\$ 453,573</u>
<b>Liabilities and Fund Balance</b>		
Due to other funds	\$ 421,654	\$ 453,573
Total liabilities	<u>421,654</u>	<u>453,573</u>
Fund balance:		
Unreserved/undesignated	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 421,654</u>	<u>\$ 453,573</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, 2008  
 (With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Accommodations tax revenue	\$ 2,225,000	\$ 2,233,435	\$ 8,435	\$ 2,244,377
Penalties	—	2,336	2,336	2,301
Total revenue	<u>2,225,000</u>	<u>2,235,771</u>	<u>10,771</u>	<u>2,246,678</u>
Excess of revenue over expenditures	<u>2,225,000</u>	<u>2,235,771</u>	<u>10,771</u>	<u>2,246,678</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	(1,500,000)	(1,491,293)	8,707	(1,498,529)
Transfers (out) – Aquatic Fund	<u>(725,000)</u>	<u>(744,478)</u>	<u>(19,478)</u>	<u>(748,149)</u>
Total other financing sources (uses)	<u>(2,225,000)</u>	<u>(2,235,771)</u>	<u>(10,771)</u>	<u>(2,246,678)</u>
<b>Net change in fund balances</b>	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1.0%) FEES  
BALANCE SHEET

JUNE 30, 2008  
(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Receivables	\$ 237,592	\$ 224,959
Total assets	<u>\$ 237,592</u>	<u>\$ 224,959</u>
<b>Liabilities and Fund Balance</b>		
Due to other funds	\$ 237,592	\$ 224,959
Total liabilities	<u>237,592</u>	<u>224,959</u>
Fund balance:		
Unreserved/undesignated	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 237,592</u>	<u>\$ 224,959</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, 2008  
 (With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Hospitality fees	\$1,925,000	\$ 1,993,693	\$ 68,693	\$ 1,888,822
Penalties	—	3,794	3,794	4,726
Total revenue	<u>1,925,000</u>	<u>1,997,487</u>	<u>72,487</u>	<u>1,893,548</u>
Excess of revenue over expenditures	<u>1,925,000</u>	<u>1,997,487</u>	<u>72,487</u>	<u>1,893,548</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	<u>(1,925,000)</u>	<u>(1,997,487)</u>	<u>(72,487)</u>	<u>(1,893,548)</u>
Total other financing sources (uses)	<u>(1,925,000)</u>	<u>(1,997,487)</u>	<u>(72,487)</u>	<u>(1,893,548)</u>
<b>Net change in fund balances</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

STORMWATER FUND  
BALANCE SHEET

JUNE 30, 2008  
(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash and cash equivalents	\$ —	\$ 26,348
Equity in pooled cash and cash equivalents	953,776	161,003
Accounts receivable	79,364	44,164
Total assets	<u>\$ 1,033,140</u>	<u>\$ 231,515</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 8,505	\$ 960
Total liabilities	<u>8,505</u>	<u>960</u>
Fund balance:		
Unreserved/undesignated	<u>1,024,635</u>	<u>230,555</u>
Total liabilities and fund balance	<u>\$ 1,033,140</u>	<u>\$ 231,515</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, 2008  
(With comparative actual amounts for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 10,000	\$ 13,624	\$ 3,624	\$ 20,017
Sales and service charges:				
Water drainage fees	1,985,200	1,944,616	(40,584)	1,627,127
Total revenue	1,995,200	1,958,240	(36,960)	1,647,144
<b>Expenditures</b>				
Public works:				
Drainage/Ocean out-fall	75,000	12,250	62,750	995,869
Hillside drainage basin	1,500,000	11,910	1,488,090	—
Total expenditures	1,575,000	24,160	1,550,840	995,869
Excess (deficiency) of revenue over expenditures	420,200	1,934,080	1,513,880	651,275
<b>Other financing sources (uses)</b>				
Transfers (out) – Debt Service Fund	(1,140,000)	(1,140,000)	—	(1,140,000)
Total other financing sources (uses)	(1,140,000)	(1,140,000)	—	(1,140,000)
<b>Net change in fund balances</b>	<b>(719,800)</b>	<b>794,080</b>	<b>1,513,880</b>	<b>(488,725)</b>
Fund balance, beginning of year	230,555	230,555	—	719,280
Fund balance, end of year	\$ (489,245)	\$ 1,024,635	\$ 1,513,880	\$ 230,555

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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, 2008  
(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Total assets	\$ —	\$ —
<b>Liabilities and Fund Balance</b>		
Fund Balance:		
Reserved for debt service	\$ —	\$ —
Total liabilities and fund balance	\$ —	\$ —

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, 2008

(With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Total revenue	—	—	—	—
<b>Expenditures</b>				
Debt Service:				
Principal	952,026	951,723	303	916,761
Interest	187,974	188,277	(303)	223,239
Fiscal agent fees	—	—	—	—
	1,140,000	1,140,000	—	
Excess (deficiency) of revenue over (under) expenditures	(1,140,000)	(1,140,000)	—	(1,140,000)
<b>Other Financing Sources (Uses)</b>				
Transfers in – Stormwater Special Revenue Fund	1,140,000	1,140,000	—	1,140,000
Total other financing sources (uses)	1,140,000	1,140,000	—	1,140,000
<b>Net change in fund balances</b>	—	—	—	—
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 SEET

JUNE 30, 2008  
(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 1,325,481	\$ 1,149,490
Total assets	<u>\$ 1,325,481</u>	<u>\$ 1,149,490</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Due to General Fund	\$ —	\$ 715,976
Accounts payable	10	—
Total liabilities	<u>10</u>	<u>715,976</u>
Fund balance:		
Unreserved/undesignated (deficit)	<u>1,325,471</u>	<u>433,514</u>
Total liabilities and fund balance	<u>\$ 1,325,481</u>	<u>\$ 1,149,490</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, 2008

(With comparative actual amounts for June 30, 2007)

	2008			2007
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 30,757	\$ 30,757	\$ 24,490
Surplus sales	20,000	83,778	63,778	67,833
Proceeds from sale of capital assets	—	(641)	(641)	—
Sales and services:				
Development fees	20,000	120	19,880	4,175
Miscellaneous:				
Contribution in aid of construction – for park improvements and parking	—	100,000	100,000	1,125,000
Total revenue	<u>40,000</u>	<u>214,014</u>	<u>174,014</u>	<u>1,221,498</u>
<b>Expenditures</b>				
Public works:				
Land	639,900	642,212	(2,312)	—
Municipal building	1,525,000	204,845	1,320,155	173,717
Total expenditures	<u>2,164,900</u>	<u>847,057</u>	<u>1,317,843</u>	<u>173,717</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,124,900)</u>	<u>(633,043)</u>	<u>1,491,857</u>	<u>1,047,781</u>
<b>Transfers and Other Financing Sources (Uses)</b>				
Transfers in – General Fund	1,525,000	1,525,000	—	—
Total other financing sources (uses)	<u>1,525,000</u>	<u>1,525,000</u>	<u>—</u>	<u>—</u>
<b>Net change in fund balances</b>	<b>(599,900)</b>	<b>891,957</b>	<b>1,491,857</b>	<b>1,047,781</b>
Fund balance, beginning of year	433,514	433,514	—	(614,267)
Fund balance, end of year	<u>\$ (166,386)</u>	<u>\$ 1,325,471</u>	<u>\$ 1,491,857</u>	<u>\$ 433,514</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT FUND  
BALANCE SHEET

JUNE 30, 2008  
(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 453,413	\$ —
Due from other government	60,000	1,482,020
Total assets	<u>\$ 513,413</u>	<u>\$ 1,482,020</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 193,982	\$ 119,897
Retainage payable	—	39,813
Due to General Fund	—	444,377
Total liabilities	<u>193,982</u>	<u>604,087</u>
Fund balance:		
Unreserved/undesignated	<u>319,431</u>	<u>877,933</u>
Total liabilities and fund balance	<u>\$ 513,413</u>	<u>\$ 1,482,020</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, 2008

(With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 30,000	\$ 12,219	\$ (17,781)	\$ 30,740
Restricted intergovernmental:				
Horry County Road Fee	210,000	248,549	38,549	224,145
SCDOT road grants	100,000	116,500	16,500	250,000
Santee Cooper grants	—	289,494	289,494	1,489,526
Total revenue	<u>340,000</u>	<u>666,762</u>	<u>326,762</u>	<u>1,994,411</u>
<b>Expenditures</b>				
Public works:				
Street paving – roads	20,000	—	20,000	45,018
Resurfacing – roads	150,000	—	150,000	795,829
Parking lot improvements	750,000	982,476	(232,475)	—
Beach access improvements	75,000	—	75,000	—
Sidewalks	450,000	366,372	83,627	—
Underground utilities	—	234,071	(234,071)	1,526,084
Verizon underground utilities	100,000	—	100,000	(1,740)
Intersection improvements	75,000	241,213	(166,213)	17,979
Welcome signs	—	97,632	(97,632)	—
Professional services	—	53,500	(53,500)	101,538
Total expenditures	<u>1,620,000</u>	<u>1,975,264</u>	<u>(355,264)</u>	<u>2,484,708</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,280,000)</u>	<u>(1,308,502)</u>	<u>(28,502)</u>	<u>(490,297)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	750,000	750,000	—	660,000
Total other financing sources (uses)	<u>750,000</u>	<u>750,000</u>	<u>—</u>	<u>660,000</u>
<b>Net change in fund balances</b>	<b>(530,000)</b>	<b>(558,502)</b>	<b>(28,502)</b>	<b>169,703</b>
Fund balance, beginning of year	877,933	877,933	—	708,230
Fund balance, end of year	<u>\$ 347,933</u>	<u>\$ 319,431</u>	<u>\$ (28,502)</u>	<u>\$ 877,933</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT FUND  
BALANCE SHEET

JUNE 30, 2008

(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 75,054	\$ —
Due from other governments	—	1,876,000
Total assets	<u>\$ 75,054</u>	<u>\$ 1,876,000</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Due to General Fund	\$ —	\$ 1,722,246
Total liabilities	—	1,722,246
Fund Balance:		
Reserved for Shore Protection Project	75,054	153,754
Total liabilities and fund balance	<u>\$ 75,054</u>	<u>\$ 1,876,000</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, 2008  
 (With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ 3,622	\$ 3,622	\$ 24,337
Total revenue	—	3,622	3,622	24,337
<b>Expenditures</b>				
Public works:				
Materials and supplies	50,000	40,176	9,824	—
Professional services	—	42,146	(42,146)	1,876,000
Total expenditures	50,000	82,322	(32,322)	1,876,000
Excess (deficiency) of revenue over (under) expenditures	(50,000)	(78,700)	(28,700)	(1,851,663)
<b>Other Financing Sources</b>				
(Uses)				
Transfers in – Beach Service Fund	50,000	—	(50,000)	1,124,000
Total other financing sources (uses)	50,000	—	(50,000)	1,124,000
<b>Net change in fund balances</b>	—	(78,700)	(78,700)	(727,663)
Fund balance, beginning of year	153,754	153,754	—	881,417
Fund balance, end of year	\$ 153,754	\$ 75,054	\$ (78,700)	\$ 153,754

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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.

<b>Water and Sewer Utility:</b>	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.
<b>Solid Waste:</b>	To account for all revenues and expenses related to the City's solid waste activities.
<b>Aquatic Center:</b>	To account for all revenues and expenses related to the operating of the City's aquatic center.
<b>Beach Service:</b>	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, 2008

(With comparative amounts for June 30, 2007)

	2008	2007		2008	2007
<b>Assets</b>			<b>Liabilities and Net Assets</b>		
Current assets:			Current liabilities:		
Cash and cash equivalents	2,924,853	\$ 2,772,550	Accounts payable-trade	\$ 345,488	\$ 748,459
Equity in pooled cash and cash equivalents	2,120,563	1,040,643	Accrued payroll and related taxes	57,397	47,896
Accounts receivable, net	2,133,435	1,917,675	Accrued compensated absences	158,517	137,719
Due from other funds	1,000,000	604,323	Insurance claims payable	42,681	79,772
Inventories	371,776	339,029	Contracts payable-current portion	2,671,138	698,333
	<u>8,550,627</u>	<u>6,674,220</u>	Due to other funds	<u>3,275,221</u>	<u>1,712,179</u>
Restricted assets:					
Cash and cash equivalents:			Current liabilities payable from restricted assets:		
Depreciation funds	45,721	43,995	Construction and retainage payable	1,155,670	873,553
Contingent funds	1,673	1,493	Revenue bonds payable-current portion	255,000	235,000
Bond and interest redemption and cushion funds	46,892	47,167	Accrued interest payable	3,340	3,209
Customer meter deposits	1,841,486	1,803,153	Meter deposits and other	1,851,749	1,813,817
Impact fees	7,530,016	7,228,777	Deferred tap and impact fees	1,530,474	2,815,496
Equity in pooled cash and cash equivalents:			Total current liabilities payable from restricted assets	4,796,233	5,741,075
Depreciation funds	78,699	78,699	Total current liabilities	<u>8,071,454</u>	<u>7,453,254</u>
Contingent funds	156,597	156,597			
Impact fees	6,473,015	10,724,058	Long-term liabilities:		
Deposits with the GSWSA	464,308	447,859	Revenue bonds	—	255,000
Total restricted assets	<u>16,638,407</u>	<u>20,531,798</u>	Contracts payable	10,695,000	11,433,333
Total current assets	<u>25,189,034</u>	<u>27,206,018</u>	Total long-term liabilities	10,695,000	11,688,333
			Total liabilities	<u>18,766,454</u>	<u>19,141,587</u>
Capital assets:					
Land	227,014	227,014	Net Assets:		
Buildings	668,218	668,218	Invested in capital assets, net of related debt	65,476,625	62,278,223
Water and sewer systems	86,504,850	82,310,757	Restricted debt service, capacity and deposits	13,256,184	15,902,485
Automotive equipment	946,635	922,135	Unrestricted	13,032,623	10,936,974
Maintenance equipment	1,942,647	1,875,405	Total net assets	<u>91,765,432</u>	<u>89,117,682</u>
Office equipment	1,510,422	1,510,422			
Construction in progress	2,986,145	1,291,603	Total liabilities and net assets	<u>\$ 110,531,886</u>	<u>\$ 108,259,269</u>
Less, accumulated depreciation	(94,785,931)	(88,805,554)			
Net capital assets	<u>(27,902,978)</u>	<u>(25,163,778)</u>			
	<u>66,882,953</u>	<u>63,641,776</u>			
Deferred charges:					
Unamortized bond issuance costs	4,342	9,552			
Unamortized cost of purchased water/sewer rights	18,455,557	17,401,923			
Total deferred charges	<u>18,459,899</u>	<u>17,411,475</u>			
Total assets	<u>\$ 110,531,886</u>	<u>\$ 108,259,269</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, 2008  
(With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Water usage fees	\$ 6,250,000	\$ 6,421,279	\$ 171,279	\$ 6,166,513
Sewer usage fees	4,480,000	4,303,900	(176,100)	4,236,309
Water taps	175,000	87,603	(87,397)	169,150
Sewer taps	75,000	14,421	(60,579)	51,197
Late payment penalties and service charges	140,000	124,121	(15,879)	126,010
Construction for public use	80,000	98,465	18,465	91,623
Miscellaneous	—	4,867	4,867	1,113
<b>Total operating revenue</b>	<b>11,200,000</b>	<b>11,054,656</b>	<b>(145,344)</b>	<b>10,841,915</b>
<b>Operating Expenses</b>				
<b>General Government Administration</b>				
Overhead allocation-				
General services	459,865	495,474	(35,609)	545,386
Legislative	59,876	69,188	(9,312)	66,601
Administrative	126,097	108,077	18,020	131,823
Legal	118,095	176,274	(58,179)	192,549
Personnel	149,226	149,819	(593)	130,484
Total general government administration	913,159	998,832	(85,673)	1,066,843
<b>Finance</b>				
Overhead allocation-				
Accounting	184,080	234,436	(50,356)	178,937
<b>Information Services</b>				
Overhead allocation	236,189	227,139	9,050	225,120
<b>Public Safety</b>				
Overhead allocation-				
Communications	60,293	59,535	758	54,397
<b>Planning/Development</b>				
Overhead allocation-				
Code enforcement	44,678	31,715	12,963	37,068

— 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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public Works</b>				
Administrative:				
Personal services	692,147	652,920	39,227	626,172
Operating expenses	112,700	90,879	21,821	61,284
Overhead allocation	(120,727)	(112,360)	(8,367)	(102,987)
	<u>684,120</u>	<u>631,439</u>	<u>52,681</u>	<u>584,469</u>
Utility billing:				
Personal services	391,937	388,382	3,555	371,788
Operating expenses	100,950	122,240	(21,290)	99,141
Overhead allocation	(49,289)	(51,728)	2,439	(47,093)
	<u>443,598</u>	<u>458,894</u>	<u>(15,296)</u>	<u>423,836</u>
Wastewater treatment:				
Personal services	405,380	397,410	7,970	384,108
Operating expenses	1,014,700	877,832	136,868	1,117,990
	<u>1,420,080</u>	<u>1,275,242</u>	<u>144,838</u>	<u>1,502,098</u>
Wells/lifts maintenance:				
Personal services	603,244	509,198	94,046	559,535
Operating expenses	749,300	1,144,267	(394,967)	967,893
	<u>1,352,544</u>	<u>1,653,465</u>	<u>(300,921)</u>	<u>1,527,428</u>
Construction/maintenance:				
Personal services	994,312	1,007,995	(13,683)	945,472
Operating expenses	1,444,700	2,010,065	(565,365)	2,051,497
	<u>2,439,012</u>	<u>3,018,060</u>	<u>(579,048)</u>	<u>2,996,969</u>
Streets/drainage:				
Overhead allocation	215,059	221,622	(6,563)	207,605
Total public works	<u>6,554,413</u>	<u>7,258,722</u>	<u>(704,309)</u>	<u>7,242,405</u>
<b>Support Services</b>				
Overhead allocation-				
Custodial	137,920	185,774	(47,854)	143,058
Purchasing	231,394	224,920	6,474	201,153
Fleet management	72,140	77,839	(5,699)	56,812
Total support services	<u>441,454</u>	<u>488,533</u>	<u>(47,079)</u>	<u>401,023</u>
Depreciation and amortization expense	<u>3,529,172</u>	<u>3,618,372</u>	<u>(89,200)</u>	<u>3,414,344</u>
<b>Total operating expenses</b>	<u>11,963,438</u>	<u>12,917,284</u>	<u>(953,846)</u>	<u>12,620,137</u>
Operating income (loss)	<u>(763,438)</u>	<u>(1,862,628)</u>	<u>(1,099,190)</u>	<u>(1,778,222)</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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	1,807,170	812,798	(994,372)	1,088,896
Interest expense	(666,207)	(556,518)	109,689	(708,977)
Bond agent fees	(5,000)	(3,493)	1,507	(3,466)
Amortization of bond issuance costs	(5,210)	(5,210)	—	(5,210)
Restricted intergovernmental:				
Community development block grant	—	466,235	466,235	17,500
Tower rental and other	185,000	199,044	14,044	187,913
Total non-operating revenue (expenses)	<u>1,315,753</u>	<u>912,856</u>	<u>(402,897)</u>	<u>576,656</u>
<b>Capital Contributions</b>				
Impact fees	3,500,000	2,134,122	1,365,878	5,421,205
Developer contributions	—	1,463,400	(1,463,400)	3,635,207
Extension fees and other	—	—	—	10,145
Total capital contributions	<u>3,500,000</u>	<u>3,597,522</u>	<u>97,522</u>	<u>9,066,557</u>
<b>Change in net assets</b>	<b>4,052,315</b>	<b>2,647,750</b>	<b>(1,404,565)</b>	<b>7,864,991</b>
Net assets, beginning of year	<u>89,117,682</u>	<u>89,117,682</u>	<u>—</u>	<u>81,252,691</u>
Net assets, end of year	<u>\$ 93,169,997</u>	<u>\$ 91,765,432</u>	<u>\$ (1,404,565)</u>	<u>\$ 89,117,682</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE  
BALANCE SHEET

JUNE 30, 2008  
(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ —	\$ —
Accounts receivable, net	147,287	95,293
Total current assets	<u>147,287</u>	<u>95,293</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	21,842	21,842
Vehicles and equipment	4,126,597	3,865,153
	<u>4,461,639</u>	<u>4,200,195</u>
Less, accumulated depreciation	(3,181,792)	(2,900,573)
Net capital assets	<u>1,279,847</u>	<u>1,299,622</u>
Total assets	<u>\$ 1,427,134</u>	<u>\$ 1,394,915</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 62,331	\$ 182,204
Accrued payroll and related taxes	31,665	28,795
Insurance claims payable	34,760	12,736
Accrued compensated absences	101,275	95,403
Due to General Fund	1,291,207	1,144,110
Total current liabilities	<u>1,521,238</u>	<u>1,463,248</u>
Net assets:		
Investment in capital assets	1,279,847	1,299,622
Unrestricted (deficit)	(1,373,951)	(1,367,955)
Total net assets	<u>(94,104)</u>	<u>(68,333)</u>
Total liabilities and net assets	<u>\$ 1,427,134</u>	<u>\$ 1,394,915</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, 2008  
(With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Solid waste user fees and penalties	\$ 3,145,000	\$ 3,143,314	\$ (1,686)	\$ 3,133,532
Trash bags	12,000	13,106	1,106	17,297
Miscellaneous	—	1,838	1,838	1,205
<b>Total operating revenue</b>	<b>3,157,000</b>	<b>3,158,258</b>	<b>1,258</b>	<b>3,152,034</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation -				
General services	78,834	84,938	(6,104)	83,906
Legislative	8,982	10,378	(1,396)	8,875
Administration	18,915	16,212	2,703	17,576
Legal	17,714	26,441	(8,727)	25,673
Personnel	59,690	59,927	(237)	52,194
<b>Total general government administration</b>	<b>184,135</b>	<b>197,896</b>	<b>(13,761)</b>	<b>188,224</b>
<b>Finance</b>				
Overhead allocation	36,816	46,887	(10,071)	32,209
<b>Information Services</b>				
Overhead allocation	47,238	45,428	1,810	40,522
<b>Public works</b>				
Overhead allocation	120,727	112,360	8,367	102,987
Utility billings:				
Overhead allocation	49,289	51,728	(2,439)	47,093
Commercial collection:				
Personal services	237,294	242,065	(4,771)	240,541
Operating	123,300	133,382	(10,082)	132,450
	360,594	375,447	(14,853)	372,991
Transfer station:				
Personal services	154,616	165,480	(10,864)	163,823
Operating	572,800	547,797	25,003	527,475
	727,416	713,277	14,139	691,298
Residential collection:				
Personal services	625,400	635,958	(10,558)	622,821
Operating	106,500	163,185	(56,685)	135,351
	731,900	799,143	(67,243)	758,172

— 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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public works (Continued)</b>				
Trash/litter collections:				
Personal services	171,990	177,787	(5,797)	164,228
Operating	37,700	54,430	(16,730)	44,420
	<u>209,690</u>	<u>232,217</u>	<u>(22,527)</u>	<u>208,648</u>
Beach cleaning:				
Personal services	138,319	165,660	(27,341)	108,606
Operating	48,500	46,145	2,355	47,528
	<u>186,819</u>	<u>211,805</u>	<u>(24,986)</u>	<u>156,134</u>
Recycling:				
Personal services	197,663	209,308	(11,645)	189,612
Operating	60,500	67,923	(7,423)	68,078
	<u>258,163</u>	<u>277,231</u>	<u>(19,068)</u>	<u>257,690</u>
Total public works	<u>2,644,598</u>	<u>2,773,208</u>	<u>(128,610)</u>	<u>2,595,013</u>
<b>Support services</b>				
Overhead allocations -				
Purchasing	18,149	17,641	508	15,777
Fleet management	90,175	97,299	(7,124)	71,015
Custodial	16,549	22,518	(5,969)	17,167
Total support services	<u>124,873</u>	<u>137,458</u>	<u>(12,585)</u>	<u>103,959</u>
Depreciation and amortization	<u>215,000</u>	<u>349,999</u>	<u>(134,999)</u>	<u>299,524</u>
<b>Total operating expenses</b>	<u>3,252,660</u>	<u>3,550,876</u>	<u>(298,216)</u>	<u>3,259,451</u>
Operating income (loss)	<u>(95,660)</u>	<u>(392,618)</u>	<u>(296,958)</u>	<u>(107,417)</u>
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	7,500	—	7,500	10,029
Restricted governmental:				
Grant- SCDHEC	25,000	35,347	(10,347)	4,084
Total non-operating revenue (expenses)	<u>32,500</u>	<u>35,347</u>	<u>(2,847)</u>	<u>14,113</u>
<b>Transfers</b>				
Transfer in-Accommodations (2%) Tax Fund	<u>331,500</u>	<u>331,500</u>	<u>—</u>	<u>166,154</u>
<b>Change in net assets</b>	<u>268,340</u>	<u>(25,771)</u>	<u>(294,111)</u>	<u>72,850</u>
Net assets, beginning of year	<u>(68,333)</u>	<u>(68,333)</u>	<u>—</u>	<u>(141,183)</u>
Net assets, end of year	<u>\$ 200,007</u>	<u>\$ (94,104)</u>	<u>\$ (294,111)</u>	<u>\$ (68,333)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER  
BALANCE SHEET

JUNE 30, 2008

(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 300	\$ 541,857
Accounts receivable	4,660	7,453
Due from Local Accommodations (1.5%) Tax Fund	140,498	151,158
Total current assets	<u>145,458</u>	<u>700,468</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	(932,242)	(552,873)
Net capital assets	<u>9,400,607</u>	<u>9,779,976</u>
Deferred charges:		
Debt issuance costs	68,721	68,721
Less, accumulated amortization	(15,462)	(12,026)
Total deferred charges	<u>53,259</u>	<u>56,695</u>
Total assets	<u>\$ 9,599,324</u>	<u>\$ 10,537,139</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 25,445	\$ 28,281
Accrued payroll and related taxes	17,085	14,067
Insurance claims payable	7,648	4,776
Accrued compensated absences	28,136	16,787
Due to General Fund	461,782	1,080,552
Accrued interest payable	189,953	157,992
Current portion of note obligation	335,656	322,436
Deferred revenue	260,509	257,572
Total current liabilities	<u>1,326,214</u>	<u>1,882,463</u>
Long-term liabilities:		
Note obligation	7,048,815	7,384,470
Total liabilities	<u>8,375,029</u>	<u>9,266,933</u>
Net assets:		
Invested in capital assets, net of related debt	2,016,136	2,073,070
Unrestricted (deficit)	(791,841)	(802,864)
Total net assets	<u>1,224,295</u>	<u>1,270,206</u>
Total liabilities and net assets	<u>\$ 9,599,324</u>	<u>\$ 10,537,139</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, 2008  
(With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Membership fees	\$ 1,250,000	\$ 1,052,695	\$ (197,305)	\$ 871,980
Day membership fees	20,000	27,430	7,430	20,450
Employee membership fees	—	117,391	117,391	99,393
Enrollment fees	50,000	54,208	4,208	82,590
Program fees	85,000	111,713	26,713	121,178
Merchandise sales	20,000	21,920	1,920	20,380
Miscellaneous	1,000	1,332	332	640
<b>Total operating revenue</b>	<b>1,426,000</b>	<b>1,386,689</b>	<b>(39,311)</b>	<b>1,216,611</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation -				
General services	52,556	56,626	(4,070)	55,937
Legislative	5,988	6,919	(931)	5,925
Administration	12,610	10,808	1,802	11,718
Legal	11,809	17,627	(5,818)	17,116
Personnel	29,845	29,963	(118)	26,097
Total general government administration	112,808	121,943	(9,135)	116,793
<b>Finance</b>				
Overhead allocation	24,544	31,258	(6,714)	21,472
<b>Information Services</b>				
Overhead allocation	15,746	15,143	603	13,507
<b>Parks and recreation</b>				
Personnel services	954,497	910,197	44,300	853,755
Operations and maintenance	472,546	473,660	(1,114)	487,896
Total parks and recreation	1,427,043	1,383,857	43,186	1,341,651
<b>Support services</b>				
Overhead allocations -				
Purchasing	18,149	17,641	508	15,777
Custodial	16,550	—	16,550	17,167
Total support services	34,699	17,641	17,058	32,944
Depreciation and amortization	253,436	379,369	(125,933)	368,582
<b>Total operating expenses</b>	<b>1,868,276</b>	<b>1,949,211</b>	<b>(80,935)</b>	<b>1,894,949</b>
Operating income (loss)	(442,276)	(562,522)	(120,246)	(678,338)

— 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 —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	20,000	6,425	(13,575)	25,108
Donation / fundraisers	10,000	6,250	(3,750)	43,974
Non-operating program fees and other	16,000	27,007	11,007	—
Red, White & Blue Ball	30,500	—	(30,500)	—
Rental property	16,400	—	(16,400)	7,510
Amortization of debt issuance costs	—	(3,436)	(3,436)	(3,436)
Restricted intergovernmental:				
DSS grants	10,000	37,831	27,831	28,825
Interest expense	(315,983)	(347,944)	(31,961)	(322,333)
Total non-operating revenue (expenses)	<u>(213,083)</u>	<u>(273,867)</u>	<u>(60,784)</u>	<u>(220,352)</u>
<b>Transfers</b>				
Transfers in:				
Accommodations (2%) tax	46,000	46,000	—	56,411
Local Accommodations (1.5%) tax	725,000	744,478	19,478	748,149
Total transfers	<u>771,000</u>	<u>790,478</u>	<u>19,478</u>	<u>804,560</u>
<b>Change in net assets</b>	<b>115,641</b>	<b>(45,911)</b>	<b>(161,552)</b>	<b>(94,130)</b>
Net assets, beginning of year	1,270,206	1,270,206	—	1,364,336
Net assets, end of year	<u>\$ 1,385,847</u>	<u>\$ 1,224,295</u>	<u>\$ (161,552)</u>	<u>\$ 1,270,206</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE  
BALANCE SHEET

JUNE 30, 2008  
(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,000	\$ 8,000
Receivables	17,278	4,065
Inventories	71,734	15,942
Total current assets	<u>97,012</u>	<u>28,007</u>
Capital assets:		
Buildings	413,148	349,890
Furniture and equipment	1,385,000	1,113,360
	<u>1,798,148</u>	<u>1,463,250</u>
Less, accumulated depreciation	(389,236)	(120,083)
Net capital assets	<u>1,408,912</u>	<u>1,343,167</u>
Total assets	<u>\$ 1,505,924</u>	<u>\$ 1,371,174</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 55,348	\$ 169,810
Accrued payroll and related taxes	100,664	88,356
Insurance claims payable	1,390	1,592
Accrued compensated absences	5,082	1,919
Due to General Fund	2,994,716	1,758,107
Total current liabilities	<u>3,157,200</u>	<u>2,019,784</u>
Net assets:		
Invested in capital assets, net of related debt	1,408,912	1,343,167
Unrestricted (deficit)	(3,060,188)	(1,991,777)
Total net assets	<u>(1,651,276)</u>	<u>(648,610)</u>
Total liabilities and net assets	<u>\$ 1,505,924</u>	<u>\$ 1,371,174</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, 2008  
(With comparative actual amounts for June 30, 2007)

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Beach service rental	\$ 1,500,000	\$ 979,505	\$ (520,495)	\$ 319,650
Food and beverage sales	1,125,000	444,304	(680,696)	72,611
Less, sales tax/hospitality fees	—	(96,224)	(96,224)	(25,807)
Miscellaneous	25,000	17,017	(7,983)	81
<b>Total operating revenue</b>	<b>2,650,000</b>	<b>1,344,602</b>	<b>(1,305,398)</b>	<b>366,535</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation -				
General services	52,556	56,626	(4,070)	—
Legislative	7,485	8,648	(1,163)	—
Administration	15,762	13,510	2,252	—
Legal	14,762	22,034	(7,272)	—
Personnel	74,613	74,909	(296)	—
Total general government administration	165,178	175,727	(10,549)	—
<b>Finance</b>				
Overhead allocation	61,360	78,145	(16,785)	—
<b>Information Services</b>				
Overhead allocation	23,619	22,714	905	—
<b>Public safety</b>				
Overhead allocation	36,175	34,937	1,238	—
Lifeguard services:				
Personnel services	—	606,238	(606,238)	—
Operations and maintenance	—	122,245	(122,245)	—
Total public safety	36,175	763,420	(727,245)	—
<b>Parks and recreation</b>				
Personnel services	1,103,218	885,856	217,362	448,175
Operations and maintenance	467,600	235,835	231,765	459,887
Total parks and recreation	1,570,818	1,121,691	449,127	908,062

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

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

— CONTINUED —

	2008		Variance Positive (Neg.)	2007
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Overhead allocations -				
Purchasing	4,537	4,410	127	—
Fleet	18,035	19,460	(1,425)	—
Total support services	22,572	23,870	(1,298)	—
Depreciation and amortization	270,000	269,153	847	120,083
<b>Total operating expenses</b>	<b>2,149,722</b>	<b>2,454,720</b>	<b>(304,998)</b>	<b>1,028,145</b>
Operating income (loss)	500,278	(1,110,118)	(1,610,396)	(661,610)
<b>Non-operating Revenue (Expenses)</b>				
Donation / fundraisers	13,000	14,000	1,000	13,000
Miscellaneous	—	4,252	4,252	—
Total non-operating revenue (expenses)	13,000	18,252	5,252	13,000
<b>Transfers</b>				
Transfers in (out):				
Beach Renourishment Fund	(50,000)	—	50,000	—
Accommodations (2%)Tax Fund	89,200	89,200	—	—
Total transfers	39,200	89,200	50,000	—
<b>Change in net assets</b>	<b>552,478</b>	<b>(1,002,666)</b>	<b>(1,555,144)</b>	<b>(648,610)</b>
Net assets, beginning of year	(648,610)	(648,610)	—	—
Net assets, end of year	\$ (96,132)	\$ (1,651,276)	\$ (1,555,144)	\$ (648,610)

## 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, 2008  
(With comparative amounts for June 30, 2007)

	2008	2007
<b>Assets</b>		
Cash and temporary investments	\$ 11,433,576	\$ 12,018,497
Participant loans	711,681	576,670
Total assets	<b>\$ 12,145,257</b>	<b>\$ 12,595,167</b>
<b>Net Assets</b>		
Held in trust for employee's pension benefits	<b>\$ 12,145,257</b>	<b>\$ 12,595,167</b>

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

YEAR ENDED JUNE 30, 2008  
(With comparative amounts for June 30, 2007)

	2008	2007
<b>Additions</b>		
Employer contributions	\$ 748,779	\$ 679,223
Employee (member) contributions	187,195	170,144
Investment income gain/(loss)	(596,168)	1,478,291
Non-vested rollover and loan overpayment	—	23,672
Total additions	339,806	2,351,330
<b>Deductions</b>		
Benefit payments/loan issuance costs	784,866	428,152
Trustee fees	4,166	3,666
Forfeitures	684	77,538
Total deductions	789,716	509,356
Change in net assets	(449,910)	1,841,974
<b>Net assets held in trust for employee's pension benefits:</b>		
Beginning of year	12,595,167	10,753,193
End of year	\$ 12,145,257	\$ 12,595,167

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

JUNE 30, 2008  
(With comparative amounts for June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash and temporary investments	\$ 342,432	\$ 336,371
<b>Net Assets</b>		
Held in trust for employee's pension benefits	\$ 342,432	\$ 336,371

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, 2008  
(With comparative amounts for June 30, 2007)

	2008	2007
<b>Additions</b>		
Employer contributions	\$ 11,278	\$ 12,513
Employee (member) contributions	11,278	12,513
Investment income gain/(loss)	(16,495)	31,001
Total additions	6,061	56,027
<b>Deductions</b>		
Benefit payments	—	—
Total deductions	—	—
Change in net assets	6,061	56,027
<b>Net assets held in trust for employee's pension benefits:</b>		
Beginning of year	336,371	280,344
End of year	\$ 342,432	\$ 336,371

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 AGENCY FUND  
 FIREMEN'S FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2008

	<b>Beginning Balance 6/30/07</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance 6/30/08</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 29,966	\$ 311,267	\$ (330,574)	\$ 10,659
<b>Liabilities</b>				
Due to Firemen's Association	\$ 29,966	\$ 311,267	\$ (330,574)	\$ 10,659

**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, 2008  
 (With comparative amounts for June 30, 2007)

	2008	2007
<b>Governmental Funds Capital Assets</b>		
Land	\$ 10,281,230	\$ 7,975,039
Land improvements	5,083,698	3,956,705
Buildings	16,674,269	16,605,612
Machinery and equipment	13,697,893	12,746,961
	45,737,090	41,284,317
Infrastructure:		
Roads	18,173,878	17,994,757
Drainage systems	18,977,844	18,857,611
Developer contributions – roads	6,995,014	6,167,026
Sidewalks	1,859,393	1,493,021
Street lighting and other	747,554	415,851
	46,753,683	44,928,266
Construction in progress	354,466	269,855
Total governmental funds capital assets	\$ 92,845,239	\$ 86,482,438
<b>Investment in Governmental Funds Capital Assets by Source</b>		
General Obligation Bonds	\$ 13,286,470	\$ 13,286,470
General Fund Revenue	65,194,506	59,659,693
Special Revenue Funds	6,691,783	6,691,783
Gifts and contributions from developers	7,672,480	6,844,492
Total investment in governmental funds capital assets	\$ 92,845,239	\$ 86,482,438

VICTIMS' RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES  
 YEAR ENDED JUNE 30, 2008

	<b>2008</b>
<b>Court Fines and Assessments</b>	
Court fines and assessments collected	\$ 914,362
Court fines and assessments remitted to State Treasurer	(477,205)
Total court fines and assessments retained	\$ 437,157
 <b>Surcharges and Assessments Retained for Victims Service</b>	
Total surcharges collected	\$ 26,403
Total assessments	42,016
Total surcharges and assessments	\$ 68,419
 <b>Funds Allocated to Victims Service</b>	
Carryover funds from prior year	\$ 75,265
Surcharges and assessments retained	68,419
Expenditures for victims service	(59,730)
Total unexpended victims rights assistance funds	\$ 83,954

## 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)..... 98-104

**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)..... 105-108

**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)..... 109-113

**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)..... 114-116

**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) ..... 116-117

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TABLE I

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NET ASSETS BY COMPONENT  
(Accrual basis of accounting)

LAST SEVEN FISCAL YEARS

	2008	2007	2006	2005	2004	2003	2002
<b>Governmental Activities</b>							
Invested in capital assets, net of related debt	\$ 59,996,795	\$ 54,648,649	\$ 47,153,263	\$ 39,973,658	\$ 40,839,787	\$ 35,428,857	\$ 30,947,802
Restricted	280,938	295,569	1,063,240	1,049,601	1,098,748	1,141,465	1,734,199
Unrestricted	11,782,163	12,810,362	11,666,720	13,011,400	6,841,785	8,274,940	8,258,264
Total governmental activities net assets	\$ 72,059,896	\$ 67,754,580	\$ 59,883,223	\$ 54,034,659	\$ 48,780,320	\$ 44,845,262	\$ 40,940,265
<b>Business-type Activities</b>							
Invested in capital assets, net of related debt	\$ 70,181,520	\$ 66,994,082	\$ 60,972,531	\$ 56,752,917	\$ 54,705,351	\$ 49,616,367	\$ 48,425,947
Restricted	13,256,184	15,902,485	14,530,805	11,100,189	8,755,316	12,604,894	11,183,918
Unrestricted	7,806,643	6,774,378	6,972,508	7,726,850	8,537,750	2,809,111	3,004,937
Total business-type activities net assets	\$ 91,244,347	\$ 89,670,945	\$ 82,475,844	\$ 75,579,956	\$ 71,998,417	\$ 65,030,372	\$ 62,614,802
<b>Primary Government</b>							
Invested in capital assets, net of related debt	\$ 130,178,315	\$ 121,642,731	\$ 108,125,794	\$ 96,726,575	\$ 95,545,138	\$ 85,045,224	\$ 79,373,749
Restricted	13,537,122	16,198,054	15,594,045	12,149,790	9,854,064	13,746,359	12,918,117
Unrestricted	19,588,806	19,584,740	18,639,228	20,738,250	15,379,535	11,084,051	11,263,201
Total primary government net assets	\$ 163,304,243	\$ 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 SEVEN FISCAL YEARS

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

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CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

TABLE II (cont'd)

CHANGES IN NET ASSETS  
(Accrual basis of accounting)

LAST SEVEN FISCAL YEARS

	2008	2007	2006	2005	2004	2003	2002
<b>General Revenues and Transfers</b>							
Business-type activities							
Fees for services							
Water & Sewer	\$ 11,253,700	\$ 11,029,828	\$ 10,022,828	\$ 9,127,460	\$ 8,892,124	\$ 8,402,124	\$ 7,371,441
Solid Waste	3,158,258	3,152,034	2,646,757	2,600,664	2,196,194	2,314,403	1,943,350
Other	2,731,291	1,590,656	632,967	82,199	66,024	-	-
Operating grants and contributions	124,687	107,383	255,429	-	378,151	-	-
Capital grants and contributions	4,063,757	9,006,557	8,644,138	5,040,737	7,498,495	3,264,897	5,897,616
Total business-type activities	\$ 21,331,693	\$ 24,946,458	\$ 22,140,138	\$ 16,851,060	\$ 19,030,988	\$ 13,981,527	\$ 15,212,407
Total primary government program revenue	\$ 26,710,612	\$ 32,079,504	\$ 27,271,709	\$ 23,611,212	\$ 24,010,030	\$ 17,975,857	\$ 20,126,388
<b>Governmental activities:</b>							
Property taxes	\$ 9,663,938	\$ 8,569,450	\$ 7,440,462	\$ 6,883,489	\$ 6,453,278	\$ 6,445,385	\$ 5,701,861
Accommodations and hospitality taxes	6,907,921	6,670,715	6,246,427	5,446,357	3,180,602	3,172,527	2,649,080
State shared taxes - unrestricted	883,306	820,197	955,045	891,991	2,452,909	1,572,791	1,719,053
Business licenses and franchise taxes	6,934,321	8,190,225	7,234,776	6,186,665	4,928,605	4,374,125	4,062,520
Unrestricted investment earnings	398,535	893,930	676,842	901,987	817,312	1,970,661	6,281,584
Miscellaneous	55,774	95,149	(65,101)	34,804	208,987	16,126	1,193,796
Transfers in/(out)	(1,211,178)	(970,714)	(959,390)	(708,061)	(357,794)	(125,000)	(312,300)
Total governmental activities	\$ 23,632,617	\$ 24,268,952	\$ 21,529,061	\$ 19,637,232	\$ 17,683,899	\$ 17,426,615	\$ 21,295,594
<b>Business-type activities:</b>							
Unrestricted investment earnings	\$ 819,223	\$ 1,124,033	\$ 928,723	\$ 327,142	\$ 201,315	\$ 293,442	\$ 416,260
Miscellaneous	-	-	-	161,214	152,659	124,461	110,537
Transfers in/(out)	1,211,178	970,714	959,390	708,061	357,794	125,000	312,300
Total business type-activities	\$ 2,030,401	\$ 2,094,747	\$ 1,888,113	\$ 1,196,417	\$ 711,768	\$ 542,903	\$ 839,097
Total primary government general revenue and other changes	\$ 25,663,018	\$ 26,363,699	\$ 23,417,174	\$ 20,833,649	\$ 18,395,667	\$ 17,969,518	\$ 22,134,691
<b>Changes in Net Assets</b>							
Governmental activities:							
Business-type activities	\$ 4,305,316	\$ 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	\$ 5,878,718	\$ 15,066,458	\$ 12,744,452	\$ 8,835,878	\$ 10,903,103	\$ 6,320,567	\$ 11,259,677

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

TABLE III

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROGRAM REVENUE BY COMPONENT  
(Accrual basis of accounting)

LAST SEVEN FISCAL YEARS

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

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

TABLE IV

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

FUND BALANCES  
GOVERNMENTAL FUNDS  
(Modified accrual basis of accounting)

LAST SEVEN FISCAL YEARS

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

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

TABLE V

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

## LAST SEVEN FISCAL YEARS

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

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TABLE V (cont'd)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

LAST SEVEN FISCAL YEARS

	2008	2007	2006	2005	2004	2003	2002
<b>Other Financing Sources (Uses)</b>							
Bond Issuance	\$ -	\$ -	\$ 1,975,000	\$ 8,000,000	\$ -	\$ 1,471,000	\$ -
Payment to refunded bond escrow agent	-	-	-	-	-	(1,445,000)	-
Transfers in	7,973,028	7,389,392	5,909,338	5,497,829	1,240,194	1,800,393	2,496,055
Transfers (out)	(9,184,206)	(8,360,106)	(6,868,728)	(6,748,216)	(1,407,440)	(1,925,393)	(2,808,355)
Total other financing sources (uses)	\$ (1,211,178)	\$ (970,714)	\$ 1,015,601	\$ 6,749,613	\$ (167,246)	\$ (99,000)	\$ (312,300)
Net change in fund balances	\$ (1,091,269)	\$ (1,704,946)	\$ 995,356	\$ 5,835,353	\$ (1,314,223)	\$ (486,558)	\$ (1,473,495)
Fund balances, beginning of year	\$ 13,676,882	\$ 15,381,828	\$ 14,386,472	\$ 8,551,119	\$ 9,865,342	\$ 10,351,900	\$ 11,825,395
Fund balances, end of year	\$ 12,585,613	\$ 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	8.99%	7.88%	9.29%	9.85%	6.08%	8.75%	17.89%

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

Fiscal Year	Real and Personal Property			Less: Tax- Exempt	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Assessed Value to Estimated Actual Value
	Real Estate	Personal						
1999	\$ 90,933,427	\$ 19,686,817	\$ 1,008,556	\$ 109,611,688 <sup>(1)</sup>	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	0.0357	3,139,826,000	6.0	
2006	216,193,479	46,475,103	2,933,728	259,734,854 <sup>(1)</sup>	0.0305	4,248,137,000	6.1	
2007	247,958,690	34,691,790	3,652,346	278,998,134	0.0305	4,699,320,592	5.9	
2008	283,695,735	25,394,013	2,927,453	306,162,295	0.0305	5,198,001,614	6.0	

<sup>(1)</sup> 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>
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
2008	30.5	46.6	143.3	0.7	221.1

TABLE VIII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 PRINCIPAL PROPERTY TAXPAYERS  
 YEARS 2008 AND 1999

TAXPAYER	TYPE OF BUSINESS	2008		1999		1999 RANK	Percentage of Total Value
		ASSESSMENTS	Value	ASSESSMENTS	Value		
Fairfield Resort Inc	Multi-Family Residential	3,066,732	0.74%			1	
Strand Investment Group of NMB LLC	Multi-Family Residential	2,378,472	0.57%			2	
Patten Resorts, Inc.	Condos - Shorecrest	2,370,228	0.57%	992,988		3	0.76%
Lawyers Title Insurance Corp	Condominium	2,226,492	0.54%	750,858		4	0.58%
THF Gator Hole	Commercial	1,791,570	0.43%			5	
Centex Homes	Residential Development	1,613,346	0.39%			6	
Barefoot Properties Ltd Partnership	Commercial - Retail	1,566,852	0.38%			7	
Legacy Development SC Group LLC	Land/ Residential Development	1,561,866	0.38%	1,548,510		2	1.19%
Wyndham Vacations Resort Inc	Fairfield (Ocean Blvd)	1,341,930	0.32%			9	
Barefoot Resort Golf Club II LLC	Golf Course	1,128,096	0.27%			10	
Worley, Harold G.	Commercial	848,292	0.20%	580,794		11	0.45%
Boulineau's Inc/Frank & Elizabeth	Commercial/Residential	833,550	0.20%	424,398		13	0.33%
Barefoot Partners LLC	Residential Development	718,128	0.17%			13	
Surfwood Partners Inc.	Commercial	653,082	0.16%	622,338		9	0.48%
Dye Course @ Barefoot Resort II LLC	Golf Course	543,030	0.13%			15	
Briarcliffe RV Resort Inc.	Mobile Home Park	463,620	0.11%	630,600		8	0.48%
Peppertree Resort Villas Inc.	Multi-Family Residential	457,554	0.11%	366,027		19	0.28%
Ocean Breeze Luxury Villas Inc	Multi-Family Residential	457,380	0.11%			18	
Barefoot Resort Club LLC	Residential Development	453,108	0.11%			19	
Defender Dev. Corp.	Multi-Family Residential	442,860	0.11%	705,798		7	0.54%
Southern Land & Golf (Tidewater)	Golf Course/ Residential			1,624,640		1	1.25%
Elliott Holding Company LLC	Commercial / Undeveloped			992,988		4	0.76%
LLL Partnership	Multi-Family Residential			945,390		5	0.72%
		\$24,916,188	6.00%	\$10,185,329			7.80%

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
1999	5,261,361	4,995,100	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%
2008	9,580,573	9,337,950	97.5%	83,010	9,663,583	100.9%

(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	Water and Sewer System Revenue Bonds	Water and Sewer Contracts Payable	Aquatic Center Enterprise Fund					
1999	5,110,000	-	2,035,000	17,530,000	-	-	24,900,043	8.21%	2,175	
2000	4,540,000 (1)	-	1,890,000	16,905,000	-	-	23,547,072	7.95%	2,146	
2001	8,355,000	-	1,735,000	16,255,000	-	-	26,565,527	8.51%	2,379	
2002	7,425,000	-	1,585,000	15,638,501	-	-	24,892,150	7.64%	2,183	
2003	6,486,000	-	1,385,000	14,873,333	-	-	23,096,853	6.75%	1,984	
2004	5,449,000	-	1,170,000	14,135,000	8,600,000	-	29,652,560	8.14%	2,495	
2005	4,378,000	8,000,000	950,000	13,418,333	8,314,181	-	35,531,404	9.18%	2,928	
2006	3,254,000	9,089,239	725,000	12,790,000	8,016,643	-	34,386,339	8.36%	2,776	
2007	2,588,000	6,951,749	490,000	12,131,666	7,706,906	-	30,502,024	6.98%	2,412	
2008	1,895,000	4,467,410	255,000	11,433,333	7,384,471	-	25,435,214	5.47%	1,970	

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.

TABLE XI

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total General Bonded Indebtedness</u>	<u>Percentage of Assessed Value of Taxable Property</u>	<u>Per Capita</u>
1999	\$5,110,000	4.66%	446.41
2000 <sup>(2)</sup>	4,540,000	3.25%	414.99
2001	8,355,000 <sup>(1)</sup>	5.63%	748.05
2002	7,425,000	4.64%	651.14
2003	6,486,000	3.91%	557.12
2004	5,449,000	2.96%	458.44
2005	4,378,000	2.31%	360.77
2006	3,254,000	1.25%	262.65
2007	2,588,000	0.93%	204.62
2008	1,895,000	0.62%	146.76

(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

TOTAL DIRECT AND OVERLAPPING GENERAL BONDED DEBT

JUNE 30, 2008

General Bonded Debt Outstanding

<u>Jurisdiction</u>	<u>Assessed Value</u>	<u>General Obligation Bond Principal Outstanding</u> <sup>(1)</sup>	<u>Percentage Applicable to the City of North Myrtle Beach</u>	<u>Amount Applicable to the City of Outstanding</u> <sup>(2)</sup>
City of North Myrtle Beach	\$ 306,162,295	\$ 1,895,000	100.00%	\$ 1,895,000
Horry County	1,779,547,000	122,890,000	17.20%	21,137,080
Horry County School District	1,779,547,000	451,410,000	17.20%	77,642,520
Total overlapping general bonded debt		\$ 576,195,000		\$ 100,674,600

(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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Total Assessed Valuation</b>	\$ 306,162,295	\$ 278,998,134	\$ 259,734,854	\$ 189,409,997	\$ 183,940,644	\$ 165,960,588	\$ 159,853,501	\$ 148,337,815	\$ 139,852,584	\$ 109,611,688
Maximum General Obligation Obligation Debt limited to 8% of total assessed valuation <sup>(1)</sup>	24,492,984	22,319,851	20,778,788	15,152,800	14,715,252	13,276,847	12,788,280	11,867,025	11,188,207	8,768,935
Outstanding bonds chargeable to bond limit <sup>(2)</sup>	1,895,000	2,588,000	3,254,000	4,378,000	5,449,000	6,486,000	7,425,000	8,355,000	4,540,000	5,110,000
<b>Legal debt margin</b>	<b>\$ 22,597,984</b>	<b>\$ 19,731,851</b>	<b>\$ 17,524,788</b>	<b>\$ 10,774,800</b>	<b>\$ 9,266,252</b>	<b>\$ 6,790,847</b>	<b>\$ 5,363,289</b>	<b>\$ 351,205</b>	<b>\$ 6,648,207</b>	<b>\$ 3,658,935</b>
Total net debt applicable to the limit as a percentage of debt limit	7.7%	11.6%	28.9%	28.9%	37.0%	48.9%	58.1%	70.4%	40.6%	58.3%

(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

PLEGED 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	
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%
	1,606,960	-	1,606,960	853,040	314,604	1.37%
Water and Sewer Stormwater (3)	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%
Water and Sewer Stormwater	12,335,826	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%
Water and Sewer Stormwater	12,335,826	9,298,912	3,036,914	933,333	556,518	2.04%
Water and Sewer Stormwater	1,958,240	24,160	1,934,080	951,723	188,277	1.70%

(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 June 30	Total Estimated Actual Value Amounts in 000's <sup>(1)</sup>	Single Family Units <sup>(2)</sup>		Multi- Family Construction		Units	Commercial Construction	Total Construction
		Units	Value	Construction	Units			
1999	1,826,800	207	23,975,693	613	67,498,050	34	25,344,005	116,817,748
2000	2,331,360 <sup>(3)</sup>	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	24,268,891	157,419,196
2004	3,015,420	278	48,538,234	1335	168,263,252	27	18,750,793	235,552,279
2005	3,139,826	334	52,556,053	1498	164,932,445	120	15,983,819	233,472,317
2006	4,248,137 <sup>(3)</sup>	317	82,308,395	1190	220,231,483	488	73,666,454	376,206,332
2007	4,699,320	201	57,374,305	730	159,950,167	14	24,101,710	241,426,182
2008	5,198,002	125	36,424,451	12	2,105,249	18	12,943,211	51,472,911

(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 <sup>(1)</sup>	Horry County Unemployment Rate <sup>(2)</sup>
		\$	\$		
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%	
2008	12,912	464,575	35,979	5.6%	

INCOME	Horry County		North Myrtle Beach	
	Number	Percentage	Number	Percentage
\$0 - \$10,000	7,254	8.9%	355	6.5%
10,000 - 14,999	5,413	6.6%	306	5.6%
15,000 - 24,999	12,689	15.5%	878	16.1%
25,000 - 34,999	13,677	16.7%	862	15.8%
35,000 - 49,999	15,454	18.9%	1074	19.7%
50,000 - 74,999	15,647	19.1%	1016	18.6%
75,000 - 99,999	5,828	7.1%	469	8.6%
100,000 - 149,999	3,975	4.9%	321	5.9%
150,000 - 199,999	753	0.9%	96	1.7%
200,000 and over	1,095	1.4%	81	1.5%
	81,785	100.00%	5,458	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 1999 and 2001 through 2008 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.

Table XVII

**Largest Employers in NMB - 2008**

<b>Rank</b>	<b>Employer</b>	<b># of Employees</b>	<b>Phone</b>	<b>Contact Person</b>
1	Wal-Mart	419	281-8352	Ruth Ann
2	Wyndham Sales & Marketing	360	281-3400	Tiffany
3	City of North Myrtle Beach	354	n/a	Kim
4	House of Blues	275	913-3716	MaryAlice
5	Bi-Lo (2 Stores)	240	663-1516	Manager(s)
6	Boulineau's Inc.	200	249-3556	Elizabeth Boulineau
7	Avista	190	249-2521	Chris
8	Baywatch Resort	165	272-4600	Michelle
9	Wyndham Resort	150	281-3310	Tiffany
10	Lowes	147	280-5182	Sabrina
11	Cracker Barrell	106	361-2221	Dave-Mgr
12	Barefoot Resort Golf	100	390-3230	Chrintine
13	Home Depot	100	280-9908	Patty
14	Alabama Theatre	100	272-5758	Scarlet Montgomery
15	T-Bonz	100	272-7111	Matt, Mgr
16	Beach Cove	90	918-9000	Judy
17	Carrabba's	85	281-9222	Brad
18	Outback	75	280-4855	Angel, Mgr
19	K & W Cafeteria	72	249-1436	Manager
20	Food Lion (1 Store)	45	280-4855	Manager

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

Source: North Myrtle Beach Revenue Division

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

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

Source: City of North Myrtle Beach Finance Department

TABLE XIX

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

## LAST SIX FISCAL YEARS

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Administration</b>							
Equipment	2,655,539	2,278,569	2,044,327	2,043,375	1,973,002	1,698,045	1,576,147
Buildings & Improvements	7,108,722	7,108,722	6,823,957	6,823,957	6,823,957	6,823,957	5,797,809
Land	7,829,847	5,523,656	1,566,224	762,903	762,903	762,903	350,094
<b>Public Safety</b>							
Equipment	8,481,258	8,235,022	7,351,708	5,786,124	5,473,139	5,378,023	5,354,838
Buildings & Improvements	7,768,612	7,699,955	7,699,955	7,699,955	6,193,839	6,193,839	6,193,839
Land	351,143	351,143	351,143	351,142	351,142	351,142	326,142
<b>Parks &amp; Recreation</b>							
Parks	2,654,281	2,626,452	2,139,025	2,081,994	2,081,994	1,913,630	1,799,448
Equipment	792,995	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	1,794,760	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	2,100,240
<b>Public Works</b>							
Infrastructure:							
Roads	18,173,878	17,994,757	16,813,367	15,640,508	15,407,904	14,908,508	14,118,503
Drainage Systems	18,977,844	18,857,611	11,720,596	11,465,049	5,581,015	5,581,015	5,015,733
Developer Contributions - Road and Drainage	6,995,014	6,167,026	4,059,234	4,059,234	4,014,234	3,306,006	1,710,000
Sidewalks	1,859,393	1,493,021	1,493,021	1,395,972	1,219,371	1,131,976	948,878
Street Lighting and other	747,554	415,851	397,873	224,102	170,220	170,220	160,505
Equipment	1,768,101	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	1,332,428	763,102	763,102	763,102
Improvement	1,099,164	-	-	-	-	-	-

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.

Source: North Myrtle Beach Finance Department

