

# The City of North Myrtle Beach South Carolina

Comprehensive Annual Financial Report  
for Fiscal Year ended June 30, 2011

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2011

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

**CITY OF NORTH MYRTLE BEACH**

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2011

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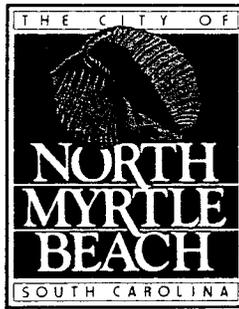
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## INTRODUCTORY SECTION

**CITY OF NORTH MYRTLE BEACH**



December 15, 2011

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, 2011. 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, 2011, are fairly presented in accordance with GAAP.

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

## **PROFILE OF THE GOVERNMENT**

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

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Economic Condition and Outlook**

The City of North Myrtle Beach is located on the Atlantic Ocean and encompasses the northeastern section of the South Carolina coastal beach area known as the Grand Strand. The near term current economic outlook continues to be slow growth from the 2010 level. Indicators such as water usage, hospitality fees, and accommodations tax receipts are growing from 2 to 5% rate above the previous fiscal year. Other factors such as property taxes continue to show an ever-increasing tax base as of this writing.

The construction industry appears to have leveled off at a moderate pace. A total of \$26,034,312 of permitted construction for residential has occurred over the first five months of FY 2012. This represents a decrease of 11% 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 another large tract of land along Route 31 and east to the Intracoastal Waterway. Even though no development is currently underway within this annexation, the City has borrowed \$15,000,000 in the current fiscal year and will develop a 133 acre park off the Main Street connector. The park will provide the

softball fields to fulfill the City's commitment to the NCAA Division II and III softball teams that will be conducting spring training at North Myrtle Beach. The City will actively pursue more sports tourism once the park is finished in 2013.

General Fund Revenues are projected to remain stable through 2012. An additional bond issue is projected for August of 2012. This bond issue will be used to finance the Main Street Ocean outfall as well as the connecting drainage in the Main Street drainage area.

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

The annexation of the 1,350 acre and the 1600 acre tracts of undeveloped land will greatly enhance the City's revenue picture over the long run. Few annexations are along a future interstate like these two tracts of land with an already existing interchange. These annexations will provide the City with two new commercial districts that has the potential to bring in major retail businesses along with the many ancillary businesses that accompany them, as well as the City's largest park.

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

### **GFOA CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Myrtle Beach, South Carolina for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2010. 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 2011.

### **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; and Enterprise Accountant, Lauren Jones and Revenue Clerk, Edith Ann Phillips, 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, 2010

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.



*Linda C. Dandson*

President

*Jeffrey R. Emmer*

Executive Director

City of North Myrtle Beach, South Carolina

**PRINCIPAL OFFICIALS**

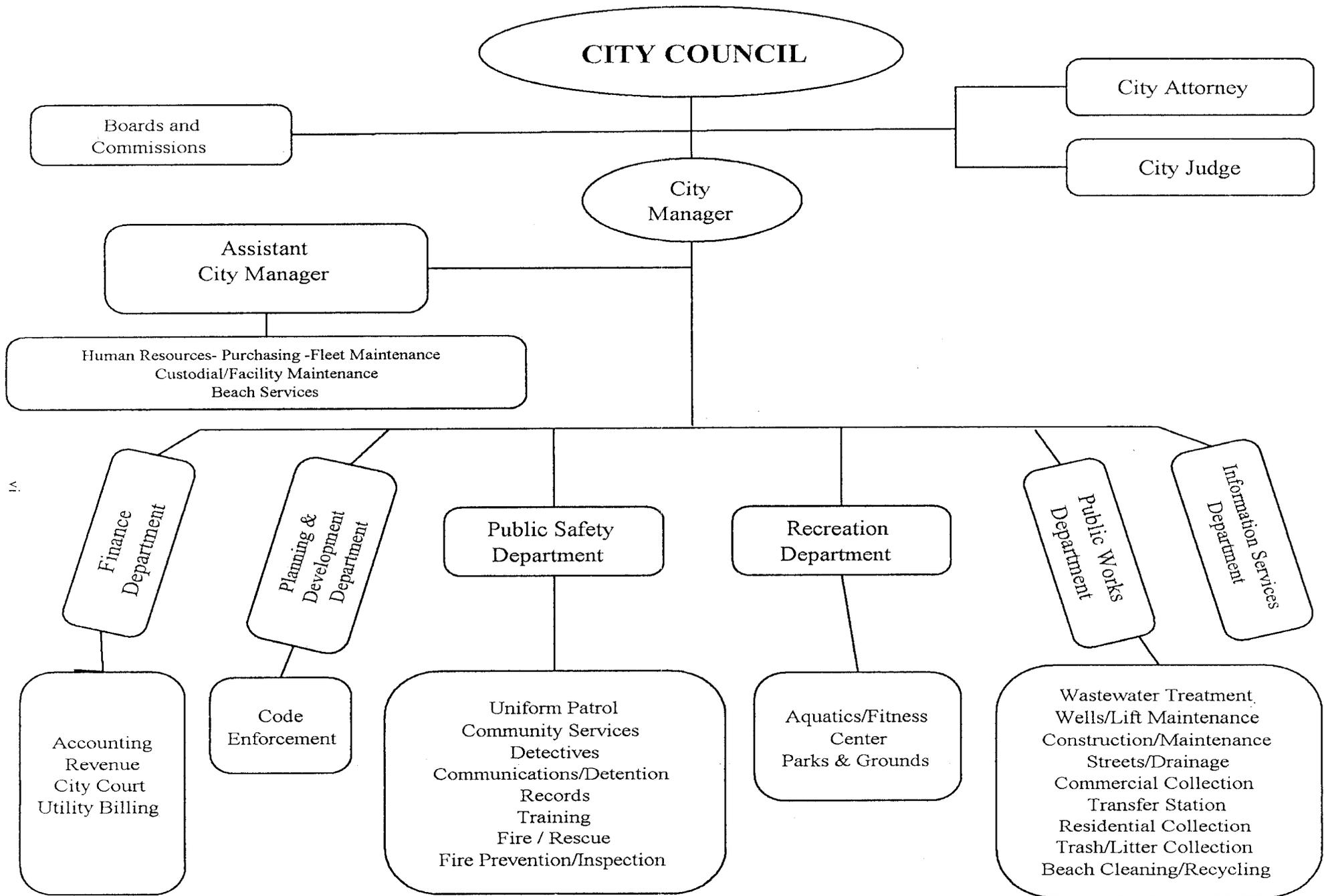
June 30, 2011

**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 ..... Michael G. Mahaney  
Assistant City Manager ..... Steven E. Thomas  
Finance Director ..... Randy J. Wright  
Information Services Director ..... Patrick Wall, Jr.  
Parks and Recreation Director ..... John W. Bullard  
Planning and Development Director ..... James W. Wood  
City Engineer/Public Works Director ..... Kevin D. Blayton  
Public Safety Director ..... Jay A. Fernandez



## FINANCIAL SECTION

CITY OF NORTH MYRTLE BEACH

**REPORT OF INDEPENDENT AUDITOR**

CITY OF NORTH MYRTLE BEACH

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

*A Professional Association Of*

**CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**

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## **REPORT OF INDEPENDENT AUDITOR**

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Myrtle Beach, South Carolina, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

— CONTINUED —



My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's 2011 basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and schedules as listed in the table of contents as Other Financial Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of North Myrtle Beach, South Carolina. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year summarized comparative information presented in the 2011 individual fund financial statements and schedules has been derived from the City's 2010 audited financial statements, and in my report dated December 14, 2010, expressed an unqualified opinion on those individual fund financial statements.

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

  
December 11, 2011  
Columbia, South Carolina

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2011**

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, 2011. 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, 2011 were \$205.9 million and exceeded total liabilities by \$174.4 million. Of the total net assets at June 30, 2011, \$18.8 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 \$3.5 million for the year ended June 30, 2011. The Governmental Activities contributed \$3,083,936 and the Business-type Activities contributed \$376,408 for the year.

**Overview of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Government-Wide Financial Analysis

Below is a 'condensed' Statement of Net Assets at June 30, 2011 (with comparative amounts of June 30, 2010) 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	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Cash and cash equivalents:						
Unrestricted	\$ 10,545	\$ 10,631	\$ 8,997	\$ 8,072	\$ 19,542	\$ 18,703
Restricted	697	586	6,312	8,806	7,009	9,392
Other current assets	7,161	7,734	(434)	(1,558)	6,727	6,176
Capital assets, net of accumulated depreciation	76,471	73,984	82,194	81,163	158,665	155,147
Deferred charges, net of accumulated amortization	—	—	13,928	14,811	13,928	14,811
<b>Total assets</b>	<b>\$ 94,874</b>	<b>\$ 92,935</b>	<b>\$ 110,997</b>	<b>\$ 111,294</b>	<b>\$ 205,871</b>	<b>\$ 204,229</b>
<b>Liabilities:</b>						
Current liabilities	\$ 3,773	\$ 4,847	\$ 4,886	\$ 4,769	\$ 8,659	\$ 9,616
Long term liabilities	7,577	7,648	15,265	16,056	22,842	23,704
<b>Total liabilities</b>	<b>11,350</b>	<b>12,495</b>	<b>20,151</b>	<b>20,825</b>	<b>31,501</b>	<b>33,320</b>
<b>Net assets:</b>						
Net invested in capital assets	70,692	66,074	75,858	74,464	146,550	140,538
Restricted	4,365	981	4,685	7,199	9,050	8,180
Unrestricted	8,467	13,385	10,303	8,806	18,770	22,191
<b>Total net assets</b>	<b>\$ 83,524</b>	<b>\$ 80,440</b>	<b>\$ 90,846</b>	<b>\$ 90,469</b>	<b>\$ 174,370</b>	<b>\$ 170,909</b>

*Governmental Activities* – For 2011, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$18.4 million, or 19% of the total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$76.5 million 81% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$3.8 million 33% of the respective total. Long-term (non-current) liabilities totaled \$7.6 million, or 67% of the respective total.

*Business-type Activities* – For 2011, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$14.9 million, or 13% of the respective total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$96.1 million, or 87% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$4.9 million, or 24% of the respective total. Long-term (non-current) liabilities totaled \$15.2 million, or 76% 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, 2011 total assets exceeded total liabilities by \$174.4 million at the end of June 30, 2011 (or \$83.5 million for Governmental Activities and \$90.8 million for Business-type activities.)

By far the largest portion (\$146.6 million, or 84%) of the City's 2011 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 2011 restricted net assets (totaling \$9.1 million or 5.2% of total net assets) consist of \$4.4 million in Governmental Activities and \$4.7 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* (\$8.5 million Governmental Activities and \$10.3 million Business-type Activities, for a total of \$18.8 million, or 10.7% 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 2011 and FY 2010 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenue:</b>						
Program Revenue:						
Charges for services	\$ 3,189	\$ 3,220	\$ 18,947	\$ 18,639	22,136	\$ 21,859
Operating grants and contributions	2,919	1,806	—	325	2,919	2,131
Capital grants and contributions	645	573	1,313	—	1,958	573
General revenue:						
Property taxes	11,774	11,168	—	—	11,774	11,168
State shared and other taxes	14,047	13,294	—	—	14,047	13,294
Investment earnings	13	240	141	144	154	384
Other	476	27	218	—	694	27
<b>Total revenue</b>	<b>33,063</b>	<b>30,328</b>	<b>20,619</b>	<b>19,108</b>	<b>53,682</b>	<b>49,436</b>
<b>Expenses:</b>						
General government	2,441	2,130	—	—	2,441	2,130
Finance	853	891	—	—	853	891
Information services	553	464	—	—	553	464
Public safety	12,256	12,757	—	—	12,256	12,757
Planning and development	1,575	1,564	—	—	1,575	1,564
Public works	6,142	6,178	—	—	6,142	6,178
Parks and recreation	4,016	3,415	—	—	4,016	3,415
Support services	884	797	—	—	884	797
Interest on general long-term debt	176	422	—	—	176	422
Water and Sewer Utility	—	—	13,599	13,264	13,599	13,264
Solid Waste	—	—	3,672	3,580	3,672	3,580
Aquatic Center	—	—	2,167	2,249	2,167	2,249
Beach Service	—	—	1,887	1,889	1,887	1,889
<b>Total expenses</b>	<b>28,896</b>	<b>28,618</b>	<b>21,325</b>	<b>20,982</b>	<b>50,221</b>	<b>49,600</b>
Changes in net assets before transfers	4,167	1,710	(706)	(1,874)	3,461	(164)
Transfers	(1,083)	(953)	1,083	953	—	—
<b>Change in net assets</b>	<b>3,084</b>	<b>757</b>	<b>377</b>	<b>(921)</b>	<b>3,461</b>	<b>(164)</b>
Net Assets – beginning of year	80,440	79,683	90,469	91,390	170,909	171,073
Net Assets – end of year	\$ 83,524	\$ 80,440	\$ 90,846	\$ 90,469	\$ 174,370	\$ 170,909

Of total net assets at June 30, 2011, (and June 30, 2010 respectively), \$83.5 million (and \$80.4 million) represents net assets of the City's Governmental Activities, and \$90.8 million (and \$90.5 million) represents net assets of the City's Business-type Activities. At the end of the current fiscal year, the City is able to report 'positive' changes in net assets, for the Governmental Activities. This net 'positive' change occurred in 2011 even with the continued implementation of GASB #45, *Other Post-Employment Benefits Other Than Pensions (OPEB)*. Total OPEB liability and related expenses equaled \$3.3 million (\$2.5 million in Governmental Activities and \$.8 million in Business-type Activities). Additional information on the City's OPEB can be found in *Note 13* of this report. The decrease in net assets for Business-type Activities was primarily due to a significant reduction in contributed capital from developers plus related impact fees for the Utility Fund caused by the economic recession.

## Government-Wide Financial Analysis (Continued)

### Expenses and Program Revenues – Governmental Activities

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

*(amounts shown in thousands)*

	<u>Expenses</u>	<u>Total Program Revenue</u>	<u>Net Expenses</u>	<u>% Funded by Program Revenue</u>	<u>% Required to Funded by General Revenue</u>
General govt. admin.	\$ (2,441,345)	\$ 9,697	\$ (2,431,648)	.3	99.7%
Finance	(853,129)	—	(853,129)	—	100.0%
Information services	(552,729)	—	(552,729)	—	100.0%
Public safety	(12,256,306)	1,030,879	(11,225,427)	8.4	91.6%
Planning and development	(1,574,560)	367,195	(1,207,365)	23.3	76.7%
Public works	(6,142,162)	5,034,917	(1,107,245)	82.0	18.0%
Parks and recreation	(4,015,757)	310,358	(3,705,399)	7.7	92.3%
Support services	(883,701)	—	(883,701)	—	100.0%
Debt service interest	(176,685)	—	(176,685)	—	100.0%
Totals	<u>\$(28,896,374)</u>	<u>\$ 6,753,046</u>	<u>\$(22,143,328)</u>	<u>23.4%</u>	<u>76.6%</u>

The City continues to allocate its depreciation of capital assets to the City's functions, (see *Note 6*). In 2011, General Revenues (76.6%) were required to fund Governmental Activity expenses (as compared to 80.4% in 2010) and were as follows:

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

Property taxes	\$ 11,774
Accommodations/hospitality taxes	6,858
State shared taxes – unrestricted	745
Licenses and franchise taxes	6,444
Investment earnings	13
Other revenues	476
Total general revenue before transfers	<u>\$ 26,310</u>

## Fund Financial Analysis

### General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$21.4 million, and achieved actual revenues of \$21.4 million or within budget. Final expenditures budgeted for the General Fund were \$23.1 million with actual expenditures of \$22.2 million, before other financing sources and uses. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$1.7 million, with the actual deficiency equaling \$.8 million. However, after considering Other Financing Sources and Uses, the General Fund had an increase of \$797,665 in fund balance.

For 2011, the City's General Fund fund balance increased and was a direct result of the City managing expenditures throughout the year due to the economic downturn. Capital purchases were put on hold and open personnel positions were allowed to stay vacant substantially longer in order to align expenditures with the revenue. These efforts proved successful and the General Fund was able to have an increase in its fund balance.

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

The General Fund's budget also included net transfers to/from other funds netting to \$1.2 million which decline in both Accommodation and Hospitality taxes.

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

The City operates four enterprises that comprise its Business-type Activities – Water and Sewer Utility, Solid Waste, Aquatic Center and Beach Service. The Water and Sewer Utility has been in operation for a number of years, and suffered an operating loss of \$1.5 million for the year ended June 30, 2011. Due to the economic decline in construction and related developer fees and other capital contributions, the Utility Fund realized an overall decrease in net assets of \$333,573.

The City's Solid Waste Enterprise Fund has been operating for a number of years and incurred a net operating income of \$325,133 for the year ended June 30, 2011. After a transfer from the Accommodations Tax Fund of \$149,257, the change net assets increased by \$474,391.

The City's Aquatic Center Enterprise Fund, in its sixth year of operation, incurred a net operating loss of \$165,810. After recognizing \$241,720 in net non-operating expense, plus a \$646,566 transfer from the Hospitality Tax Fund, the change in net assets of the Aquatic Center totaled \$239,036.

The City's Beach Service Enterprise Fund, in its fifth year of operations, incurred a net operating loss of \$3,446. The deficit is less than previous year's due to increased visitor usage and paying for such services.

## **Capital Asset and Debt Administration**

**Capital Assets** – The City's investment in capital assets for its Governmental and Business-type Activities as of June 30, 2011, amounts to \$139.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and roads.

Capital asset purchases within the General Fund departments continued to be made on a pay-as-you-go basis. This has been the City's policy for 20 years. The City resumed purchase of budgeted capital since revenues came in at budget. Overall capital is in very good condition and any deferrals from prior years has had no negative affect on city services. 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 \$19.9 million. Of this amount, \$4.4 million comprises debt backed by the full faith and credit of the governments, and \$1.4 million backed by certain governmental fees and taxes associated with Stormwater. Enterprise revenue backed bond debt, contract and note payables totaled \$14.1 million.

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

## **Request for Information**

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

**AUDITED BASIC FINANCIAL STATEMENTS**

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 7,593,047	\$ 6,592,631	\$ 14,185,678
Equity in pooled cash and cash equivalents	2,952,019	2,404,715	5,356,734
Deposits held by others	303,637	—	303,637
Receivables, net	2,024,047	1,771,902	3,795,949
Due from other governments	1,093,553	271,817	1,365,370
Internal balances, net	3,211,771	(3,211,771)	—
Inventories and prepaids	527,554	453,985	981,539
Restricted assets:			
Cash and cash equivalents	481,667	5,157,911	5,639,578
Equity in pooled cash and cash equivalents	215,608	1,154,555	1,370,163
Deposits with other governments	—	280,000	280,000
<b>Total current assets</b>	<b>18,402,903</b>	<b>14,875,745</b>	<b>33,278,648</b>
Non-currents assets:			
Capital assets not subject to depreciation	15,683,015	3,116,381	18,799,396
Capital assets, net of depreciation	60,788,445	79,077,172	139,865,617
Deferred charges, net	—	13,928,187	13,928,187
<b>Total non-current assets</b>	<b>76,471,460</b>	<b>96,121,740</b>	<b>172,593,200</b>
<b>Total Assets</b>	<b>\$ 94,874,363</b>	<b>\$ 110,997,485</b>	<b>\$ 205,871,848</b>
<b>Liabilities and Net Assets</b>			
Current liabilities:			
Accounts payable	\$ 1,267,736	\$ 884,851	\$ 2,152,587
Accrued payroll and related taxes	449,772	286,772	736,544
Accrued interest payable	28,920	201,371	230,291
Due to other governments	3,250	—	3,250
Bonds, contracts and notes payable – current portion	1,761,423	1,345,993	3,107,416
Unearned revenue	—	259,464	259,464
Liabilities payable from restricted assets	261,689	1,907,756	2,169,445
<b>Total current liabilities</b>	<b>3,772,790</b>	<b>4,886,207</b>	<b>8,658,997</b>
Long-term (non-current) liabilities:			
Accrued compensated absences	1,070,527	356,159	1,426,686
General obligation bonds payable	3,737,815	—	3,737,815
Revenue bonds payable	280,238	—	280,238
Contracts payable	—	8,253,333	8,253,333
Note payable	—	5,846,327	5,846,327
Other post-employment benefits (OPEB)	2,488,585	809,699	3,298,284
<b>Total long-term liabilities</b>	<b>7,577,165</b>	<b>15,265,518</b>	<b>22,842,683</b>
<b>Total liabilities</b>	<b>11,349,955</b>	<b>20,151,725</b>	<b>31,501,680</b>
Net assets:			
Invested in capital assets, net of related debt	70,691,984	75,857,900	146,549,884
Restricted for :			
Public safety assistance	501,116	—	501,116
Public works projects	3,863,690	—	3,863,690
Future capacity of utility	—	4,684,710	4,684,710
Unrestricted	8,467,618	10,303,150	18,770,768
<b>Total net assets</b>	<b>83,524,408</b>	<b>90,845,760</b>	<b>174,370,168</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 94,874,363</b>	<b>\$ 110,997,485</b>	<b>\$ 205,871,848</b>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

Functions and Programs	Primary Government						
	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government admin.	\$ (2,441,345)	\$ 9,697	\$ —	\$ —	\$ (2,431,648)	\$ —	\$ (2,431,648)
Finance	(853,129)	—	—	—	(853,129)	—	(853,129)
Information Services	(552,729)	—	—	—	(552,729)	—	(552,729)
Public safety	(12,256,306)	532,382	—	498,497	(11,225,427)	—	(11,225,427)
Planning and development	(1,574,560)	367,195	—	—	(1,207,365)	—	(1,207,365)
Public works	(6,142,162)	2,115,852	2,919,065	—	(1,107,245)	—	(1,107,245)
Parks and recreation	(4,015,757)	163,866	—	146,492	(3,705,399)	—	(3,705,399)
Support services	(883,701)	—	—	—	(883,701)	—	(883,701)
Debt service – interest	(176,685)	—	—	—	(176,685)	—	(176,685)
Total governmental activities	<u>(28,896,374)</u>	<u>3,188,992</u>	<u>2,919,065</u>	<u>644,989</u>	<u>(22,143,328)</u>	<u>—</u>	<u>(22,143,328)</u>
<b>Business-type Activities:</b>							
Water and Sewer Utility	(13,599,320)	11,607,077	—	1,301,719	—	(690,524)	(690,524)
Solid Waste	(3,671,633)	3,996,766	—	—	—	325,133	325,133
Aquatic Center	(2,167,517)	1,737,043	—	10,800	—	(419,674)	(419,674)
Beach Service	(1,886,846)	1,606,401	—	—	—	(280,445)	(280,445)
Total business-type activities	<u>(21,325,316)</u>	<u>18,947,287</u>	<u>—</u>	<u>1,312,519</u>	<u>—</u>	<u>(1,065,510)</u>	<u>(1,065,510)</u>
Total functions and programs	<u>\$ 50,221,690</u>	<u>\$ 22,136,279</u>	<u>\$ 2,919,065</u>	<u>\$ 1,957,508</u>	<u>(22,143,328)</u>	<u>(1,065,510)</u>	<u>(23,208,838)</u>
<b>General Revenue and Transfers</b>							
General Revenue:							
Property taxes					11,773,505	—	11,773,505
Accommodations and hospitality taxes					6,857,636	—	6,857,636
State shared taxes – unrestricted					745,289	—	745,289
Business licenses and franchise taxes					6,444,326	—	6,444,326
Unrestricted investment earnings					13,260	140,633	153,893
Miscellaneous					476,406	218,127	694,533
Transfers:							
Transfers in/(out)					(1,083,158)	1,083,158	—
Total general revenue and transfers					<u>25,227,264</u>	<u>1,441,918</u>	<u>26,669,182</u>
<b>Changes in net assets</b>							
Net Assets – beginning of year					<u>80,440,472</u>	<u>90,469,352</u>	<u>170,909,824</u>
Net Assets – end of year					<u>\$ 83,524,408</u>	<u>\$ 90,845,760</u>	<u>\$ 174,370,168</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2011

	General Fund	Stormwater Fund	Park Development Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 3,051,544	\$ 4,541,503	\$ —	\$ —	\$ 7,593,047
Equity in pooled cash and cash equivalents	—	—	—	2,952,019	2,952,019
Receivables, net	1,300,696	51,282	—	672,069	2,024,047
Due from other funds	5,774,240	552,478	—	—	6,326,718
Due from other governments	261,657	—	—	831,896	1,093,553
Inventories and prepaids	432,554	95,000	—	—	527,554
<b>Restricted assets:</b>					
Cash and cash equivalents	481,667	—	—	—	481,667
Equity in pooled cash and cash equivalents	215,608	—	—	—	215,608
<b>Total assets</b>	<b>\$ 11,517,966</b>	<b>\$ 5,240,263</b>	<b>\$ —</b>	<b>\$ 4,455,984</b>	<b>\$ 21,214,213</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 720,666	\$ 2,968	\$ 33,615	\$ 510,487	\$ 1,267,736
Accrued payroll and related taxes	449,772	—	—	—	449,772
Due to other funds	—	—	2,252,251	862,696	3,114,947
Due to other governments	3,250	—	—	—	3,250
Payable from restricted assets	261,689	—	—	—	261,689
<b>Total liabilities</b>	<b>1,435,377</b>	<b>2,968</b>	<b>2,285,866</b>	<b>1,373,183</b>	<b>5,097,394</b>
<b>Fund balances:</b>					
Non-spendable	432,554	95,000	—	—	527,554
Restricted by others	501,116	3,000,000	—	863,690	4,364,806
Committed by ordinance	392,500	2,142,295	—	—	2,534,795
Assigned by management	—	—	—	2,219,111	2,219,111
Unassigned reported in:					
General Fund	8,756,419	—	—	—	8,756,419
Capital Projects Funds	—	—	(2,285,866)	—	(2,285,866)
<b>Total fund balances</b>	<b>10,082,589</b>	<b>5,237,295</b>	<b>(2,285,866)</b>	<b>3,082,801</b>	<b>16,116,819</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,517,966</b>	<b>\$ 5,240,263</b>	<b>\$ —</b>	<b>\$ 4,455,984</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in these funds.	76,471,460
Other assets not available to paid for current period expenditures.	303,637
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	(9,367,508)
<b>Net Assets, end of year – Governmental Activities</b>	<b>\$ 83,524,408</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, 2011

	General Fund	Stormwater Fund	Park Development Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes:					
Current	\$ 11,684,571	\$ —	\$ —	\$ —	\$ 11,684,571
Delinquent	201,185	—	—	—	201,185
Licenses and permits	6,811,281	—	—	—	6,811,281
Fines and forfeitures	425,582	—	—	—	425,582
Use of money and property	162,591	9,353	1,975	90,346	264,265
Unrestricted					
intergovernmental	889,898	—	—	—	889,898
Restricted					
intergovernmental	644,989	—	—	9,632,092	10,277,081
Sales and service charges	311,370	1,997,341	—	240	2,308,951
Miscellaneous	312,784	—	120	—	312,904
<b>Total revenue</b>	<u>21,444,251</u>	<u>2,006,694</u>	<u>2,095</u>	<u>9,722,678</u>	<u>33,175,718</u>
<b>Expenditures</b>					
Current:					
General government administration	2,195,564	—	—	—	2,195,564
Finance	733,207	44,160	—	—	777,367
Information services	443,719	—	—	—	443,719
Public safety	10,897,049	—	—	660,415	11,557,464
Planning/development	1,500,942	—	—	—	1,500,942
Public works	1,864,883	257,990	—	2,421,348	4,544,221
Parks and recreation	2,184,448	—	3,722,273	2,707,037	8,613,758
Support services	871,037	—	—	—	871,037
Debt service	1,253,978	—	—	1,140,000	2,393,978
Capital outlay	253,521	—	—	—	253,521
<b>Total expenditures</b>	<u>22,198,348</u>	<u>302,150</u>	<u>3,722,273</u>	<u>6,928,800</u>	<u>33,151,571</u>
Excess (deficiency) of revenue over (under) expenditures	(754,097)	1,704,544	(3,720,178)	2,793,878	24,147
<b>Other Financing Sources (Uses)</b>					
Transfers in	4,157,114	—	—	3,779,846	7,936,960
Transfers (out)	(2,605,352)	(1,140,000)	—	(5,274,766)	(9,020,118)
<b>Total other financing sources (uses)</b>	<u>1,551,762</u>	<u>(1,140,000)</u>	<u>—</u>	<u>(1,494,920)</u>	<u>(1,083,158)</u>
<b>Net change in fund balances</b>	<b>797,665</b>	<b>564,544</b>	<b>(3,720,178)</b>	<b>1,298,958</b>	<b>(1,059,011)</b>
Fund balances, beginning of year	9,284,924	4,672,751	1,434,312	1,783,843	17,175,830
Fund balances, end of year	<u>\$ 10,082,589</u>	<u>\$ 5,237,295</u>	<u>\$ (2,285,866)</u>	<u>\$ 3,082,801</u>	<u>\$ 16,116,819</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	(1,059,011)
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.	2,487,102
Some revenues reported in Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in these funds.	191,387
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.	(666,754)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>2,131,212</u>
Change in net assets – governmental activities	<u><u>\$ 3,083,936</u></u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

JUNE 30, 2011

	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	\$ 6,583,517	\$ —	\$ 400	\$ 8,714	\$ 6,592,631
Equity in pooled cash and cash equivalents	2,404,715	—	—	—	2,404,715
Receivables, net	1,635,098	114,934	8,533	13,337	1,771,902
Inventories	447,792	—	—	6,193	453,985
Due from other funds	239,858	—	1,240	136,777	377,875
Due from other governments	271,817	—	—	—	271,817
Restricted assets:					
Cash and cash equivalents	5,157,911	—	—	—	5,157,911
Equity in pooled cash and cash equivalents	1,154,555	—	—	—	1,154,555
Deposits with other governments	280,000	—	—	—	280,000
Total current assets	18,175,263	114,934	10,173	165,021	18,465,391
Non-current assets:					
Capital assets, not subject to depreciation	3,116,381	—	—	—	3,116,381
Capital assets, subject to depreciation	68,019,609	1,802,063	8,549,588	705,912	79,077,172
Total capital assets, net	71,135,990	1,802,063	8,549,588	705,912	82,193,553
Deferred charges, net	13,885,237	—	42,950	—	13,928,187
Total non-current assets	85,021,227	1,802,063	8,592,538	705,912	96,121,740
Total assets	\$ 103,196,490	\$ 1,916,997	\$ 8,602,711	\$ 870,933	\$ 114,587,131
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	\$ 676,785	\$ 60,970	\$ 84,839	\$ 62,257	\$ 884,851
Accrued payroll and related taxes	84,040	46,724	26,536	129,472	286,772
Due to other funds	—	239,858	15,348	3,334,440	3,589,646
Accrued interest payable	163,160	—	38,211	—	201,371
Contracts and note payable – current portion	856,667	—	489,326	—	1,345,993
Unearned revenue	—	—	259,464	—	259,464
Liabilities payable from restricted assets	1,907,756	—	—	—	1,907,756
Total current liabilities	3,688,408	347,552	913,724	3,526,169	8,475,853
Long-term (non-current) liabilities:					
Accrued compensated absences	208,236	119,643	28,280	—	356,159
Contracts payable	8,253,333	—	—	—	8,253,333
Note payable	—	—	5,846,327	—	5,846,327
Other post employment benefits (OPEB)	466,608	247,027	96,064	—	809,699
Total long-term liabilities	8,928,177	366,670	5,970,671	—	15,265,518
Total liabilities	12,616,585	714,222	6,884,395	3,526,169	23,741,371
Net assets:					
Invested in capital assets, net of related debt	71,135,990	1,802,063	2,213,935	705,912	75,857,900
Restricted for:					
Future capacity and deposits	4,684,710	—	—	—	4,684,710
Unrestricted (deficit)	14,759,205	(599,288)	(495,619)	(3,361,148)	10,303,150
Total net assets	90,579,905	1,202,775	1,718,316	(2,655,236)	90,845,760
Total liabilities and net assets	\$ 103,196,490	\$ 1,916,997	\$ 8,602,711	\$ 870,933	\$ 114,587,131

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, 2011

	<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	\$ 11,607,077	\$ 3,996,766	\$ 1,737,043	\$ 1,606,401	\$ 18,947,287
Total operating revenue	<u>11,607,077</u>	<u>3,996,766</u>	<u>1,737,043</u>	<u>1,606,401</u>	<u>18,947,287</u>
<b>Operating Expenses</b>					
General government administration	1,100,474	213,436	81,141	126,130	1,521,181
Finance	723,805	101,774	26,910	67,274	919,763
Information services	255,592	51,118	17,039	25,559	349,308
Public safety	56,528	—	—	471,302	527,830
Planning/development	34,647	—	—	—	34,647
Public works	7,459,647	2,771,898	—	—	10,231,545
Parks and recreation	—	—	1,437,471	826,523	2,263,994
Support services	469,645	135,716	47,253	99,983	752,597
Depreciation and amortization	2,972,532	397,691	293,039	270,075	3,933,337
Total operating expenses	<u>13,072,870</u>	<u>3,671,633</u>	<u>1,902,853</u>	<u>1,886,846</u>	<u>20,534,202</u>
Operating income (loss)	<u>(1,465,793)</u>	<u>325,133</u>	<u>(165,810)</u>	<u>(280,445)</u>	<u>(1,586,915)</u>
<b>Non-Operating Revenue (Expenses)</b>					
Interest earned on investments	140,516	1	116	—	140,633
Interest expense	(526,450)	—	(264,664)	—	(791,114)
Non-operating program fees and other	—	—	12,028	(10,336)	1,692
Restricted intergovernmental	1,132	—	10,800	—	11,932
Tower rental and other	216,435	—	—	—	216,435
Total non-operating revenue (expenses)	<u>(168,367)</u>	<u>1</u>	<u>(241,720)</u>	<u>(10,336)</u>	<u>(420,422)</u>
Income (loss) before contributions and transfers	<u>(1,634,160)</u>	<u>325,134</u>	<u>(407,530)</u>	<u>(290,781)</u>	<u>(2,007,337)</u>
<b>Capital Contributions</b>	1,300,587	—	—	—	1,300,587
<b>Transfers – in (out)</b>	—	149,257	646,566	287,335	1,083,158
<b>Change in net assets</b>	<b>(333,573)</b>	<b>474,391</b>	<b>239,036</b>	<b>(3,446)</b>	<b>376,408</b>
Net assets, beginning of year	<u>90,913,478</u>	<u>728,384</u>	<u>1,479,280</u>	<u>(2,651,790)</u>	<u>90,469,352</u>
Net assets, end of year	<u>\$ 90,579,905</u>	<u>\$ 1,202,775</u>	<u>\$ 1,718,316</u>	<u>\$ (2,655,236)</u>	<u>\$ 90,845,760</u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2011

	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	\$ 11,345,223	\$ 4,012,809	\$ 1,726,643	\$ 1,602,482	\$ 18,687,157
Tap fees	75,208	—	—	—	75,208
Service and miscellaneous charges	24,225	—	36,231	1,490	61,946
Cash paid to (for):					
Employee salaries and related costs	(3,524,392)	(1,660,576)	(905,532)	(922,066)	(7,012,566)
Water and sewer system costs	(4,909,679)	—	—	—	(4,909,679)
Collection services	—	(993,168)	—	—	(993,168)
Aquatic Center operations	—	—	(573,404)	—	(573,404)
Beach Service operations	—	—	—	(301,796)	(301,796)
Other supplies and miscellaneous costs	(1,345,098)	(549,035)	(51,144)	(355,103)	(2,300,380)
Net cash provided by (used in) operating activities	1,665,487	810,030	232,794	25,007	2,733,318
<b>Cash flows from non-capital and related financing activities</b>					
Inter-fund borrowing/payments	(188,041)	(553,349)	(70,019)	(219,793)	(1,031,202)
Tower rental and other	216,435	—	9,214	(6,689)	218,960
Intergovernmental grants	1,132	—	—	—	1,132
Local accommodation/hospitality taxes	—	149,257	646,566	294,024	1,089,847
Donations/fundraisers	—	—	6,250	—	6,250
Net cash provided by (used in) non-capital and related financing activities	29,526	(404,092)	592,011	67,542	284,987
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(3,531,868)	(405,939)	(73,193)	(103,060)	(4,114,060)
Proceeds from sale of assets	—	—	10,800	11,725	22,525
Principal paid on bonds and contracts	(810,000)	—	(363,744)	—	(1,173,744)
Interest and bond agent fees on long-term debt	(363,289)	—	(398,784)	—	(762,073)
Capital contributions – impact fees, grants and other cash contributions	1,300,587	—	—	—	1,300,587
Net cash provided by (used in) capital and related financing activities	(3,404,570)	(405,939)	(824,921)	(91,335)	(4,726,765)

— 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	140,516	1	116	—	140,633
Net cash provided by (used in) investing activities	140,516	1	116	—	140,633
Net increase (decrease) in cash and cash equivalents	(1,569,041)	—	—	1,214	(1,567,827)
Cash and cash equivalents, beginning of year (of which \$9,085,691 is restricted)	16,869,739	—	400	7,500	16,877,639
Cash and cash equivalents, end of year (of which \$6,312,466 is restricted)	\$ 15,300,698	\$ —	\$ 400	\$ 8,714	\$ 15,309,812
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>					
Operating income (loss)	\$ (1,465,793)	\$ 325,133	\$ (165,810)	\$ (280,445)	\$ (1,586,915)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	2,972,532	397,691	293,039	270,075	3,933,337
(Gain) loss on sale/disposal of capital assets	—	—	—	10,336	10,336
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(25,788)	16,043	12,406	(2,429)	232
(Increase) decrease in inventories	(91,572)	—	795	(4,538)	(95,315)
Increase (decrease) in accounts and other payables	278,169	162	48,422	32,674	359,427
Increase (decrease) in accrued liabilities	17,863	9,215	9,922	(666)	36,334
Increase (decrease) in deferred revenue	(136,633)	—	13,425	—	(123,208)
Increase (decrease) in other post employment benefits (OPEB)	116,709	61,786	20,595	—	199,090
Net cash provided by (used in) operating activities	\$ 1,665,487	\$ 810,030	\$ 232,794	\$ 25,007	\$ 2,733,318
<b>Supplemental disclosure of non-cash capital and related financing activities</b>					
System contributions by developers	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of bond issue costs	\$ —	\$ —	\$ 3,436	\$ —	\$ 3,436

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS  
FUDUCIARY FUNDS

JUNE 30, 2011

	<u>Pension Trust Funds</u>	<u>Agency Fund Firemen's Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ —	\$ 16,618
Cash and temporary investments – mutual funds	13,903,298	—
Receivables – Participant loans	759,620	—
Total assets	<u>\$ 14,662,918</u>	<u>\$ 16,618</u>
<b>Liabilities</b>		
Due to Firemen's Association	\$ —	\$ 16,618
Total liabilities	<u>—</u>	<u>\$ 16,618</u>
<b>Net Assets</b>		
Held in trust for employee's pension benefits	<u>\$ 14,662,918</u>	

*See accompanying notes to financial statements.*

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

YEAR ENDED JUNE 30, 2011

	<u>Pension Trust Funds</u>
<b>Additions</b>	
Employer contributions	\$ 820,961
Employee (member) contributions	208,762
Investment income (loss)	1,908,623
Non-vested rollover	24,673
Total additions	<u>2,963,019</u>
<b>Deductions</b>	
Benefit payments and loan issuance costs	805,652
Trustee fees	12,358
Forfeitures	35,061
Total deductions	<u>853,071</u>
Change in net assets	2,109,948
Net assets, beginning of year	<u>12,552,970</u>
Net assets, end of year	<u><u>\$ 14,662,918</u></u>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

Using the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the basic financial statements of the City presents the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City’s financial statements to be misleading or incomplete. Financial accountability is defined as appointment of a voting majority of the separate organization’s board and either a) the ability to impose will by the primary government, or b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government. At June 30, 2011, there were no material component units of the City.

**B. Basis of Presentation**

**Government-Wide and Fund Financial Statements**

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

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

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry, as a whole, and thus reduce the net cost of the function to be financed from the government’s general revenues. They include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. All revenues are ‘general’ revenues unless they are required to be reported as program revenues.

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

The City reports the following ‘major’ governmental funds: General Fund and Park Development. The City has also elected to report its Stormwater Fund as a major 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 in Governmental Funds, 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, and Hospitality (1%) State Fee Fund, which have been adopted pursuant to state laws.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

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

**Capital Projects Funds** – The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds). The City utilizes the following individual Capital Projects Funds: Capital Improvement Fund, Street Improvement Fund, Beach Renourishment Fund, Park Development Fund, and Stormwater 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, 2011, these included Firemen's Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These activities have been excluded from the City's Government-wide financial statements because the City can not use those assets to finance its operations.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

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

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

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

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

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

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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

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

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

Estimates

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

**D. Budgets and Budgetary Accounting**

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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

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

Budget Deficits and Fund Balances

For the year ended June 30, 2011, 'final budgeted' expenditures exceeded estimated revenues of the General Fund by \$485,163; Stormwater Capital Project Fund by \$1,123,482; Capital Improvement Fund by \$63,000; Beach Renourishment Capital Project Fund by \$30,162; Park Development Capital Project Fund by \$3,310,000; and Street Improvement Capital Project Fund by \$420,344. These deficits were funded (if necessary) by unreserved and applicable reserved fund balances and additional unbudgeted revenue.

The Enterprise Funds of the Water and Sewer Utility Fund, the Solid Waste Fund, the Aquatic Center Fund and Beach Service Fund operated under total operating expense budgets equaling \$12.5 million, \$3.7 million, \$2.0 million and \$1.9 million, respectively.

At June 30, 2011, deficit fund balances/net assets resulted in the following: Park Development Capital Project Fund by \$2,285,866; Beach Service Enterprise Fund by \$2,655,236. This deficit is expected to be resolved from either future appropriations or revenues.

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

Cash and Cash Equivalents, and Investments

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

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

Accounts Receivable and Allowance for Doubtful Accounts

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

Inventories

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

Deferred Charges

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

Short-Term Interfund Receivables/Payables

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

Restricted Assets

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

Capital Assets and Depreciation

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

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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

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

Interest costs incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2011, there were no material capitalized interest costs incurred.

Deferred Revenue

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

Long-term Obligations

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

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

Compensated Absences (Accrued Vacation)

It is the City's policy to permit employees to accumulate earned, but unused vacation leave. In the Government-Wide and Proprietary Fund financial statements, vacation pay is accrued and expensed when earned (incurred) and reported as a current and long-term liability based upon management's estimates of employees using their leave in the current period, or accumulating their earned leave for future (long-term) use. Thus, typically employees consume newly-earned increments of leave in future periods and unused portions of vacation leave represent the eventual long-term contractual obligations of the City. At June 30, 2011, there were no material short-term payable amounts based on known retirement or resignation. In the Governmental Funds, expenditures and liabilities related to these obligations are recognized when they become due. For example, vacation pay that is expected to be liquidated (as a result of employee termination or retirement) with expendable available financial resources is reported as an expenditure and a fund liability in these funds. For Governmental Funds, no material amounts have matured (come due for payment) with expendable available financial resources at June 30, 2011. 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 pursuant to GASB #54, report fund balances in the following categories:

Non-Spendable Fund Balance

Fund balances include amounts “not in spendable form” and are not expected to be converted to cash. The City deems all of its interfund receivables (net of payables) to be short-term borrowing and not held long-term. The following are non-spendable fund balances at June 30, 2011:

<b>General Fund:</b>	
Inventories	\$ 229,795
Prepaid items	202,759
	<u>432,554</u>
<b>Stormwater Capital Projects Fund:</b>	
Prepaid items	<u>95,000</u>
Total non-spendable	<u>\$ 527,554</u>

Restricted Fund Balance

Include amounts that can only be used for specific purposes pursuant to externally imposed (by others) stipulations by creditors, grantors, contributions, or laws and regulations of other governments, or imposed by law through constitutional or enabling legislation for specific purposes – are as follows:

<b>General Fund:</b>	
Drug enforcement	\$ 387,447
Public Safety Scholarship	48,139
Victims’ Assistance	65,530
	<u>501,116</u>
<b>Special Revenue Fund:</b>	
State (2%) Accommodations Tax-	<u>90,628</u>
<b>Capital Projects Fund:</b>	
Capital improvement	
Cherry Grove dredging	<u>773,062</u>
Stormwater drainage	<u>3,000,000</u>
Total restricted by others	<u>\$ 4,364,806</u>

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)

Committed Fund Balance

Include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (City Council and its ordinances) – are as follows:

<b>General Fund:</b>	
Contingency ordinance	\$ 250,000
Emergency recovery ordinance	142,500
	<u>392,500</u>
<b>Special Revenue Fund:</b>	
Stormwater drainage fees ordinance	<u>2,142,295</u>
Total committed by ordinance	<u>\$ 2,534,795</u>

Assigned Fund Balance

Include amounts that are constrained by government's intent to use resources for specific purpose, but are neither restricted nor committed. By the City's state-charter and form, "Council-manager", the City Manager and/or through the annual budget, is authorized to assign resources for specific purposes – which are as follows:

<b>Capital Projects Fund:</b>	
Capital improvement ocean front parking project	\$ 153,928
Beach renourishment project	1,540
Street improvement underground utilities project	<u>2,063,643</u>
Total assigned by management	<u>\$ 2,219,111</u>

Unassigned Fund Balance

Are the residual classification for the General Fund, or in other governmental funds if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes (fund deficits).

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)**

Program and General Revenues

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

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

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

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 2010 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, 2011, the carrying amount of the City's cash deposits with financial institutions was \$262,454 and the financial institution's balances totaled \$207,709. Of this balance, \$250,000 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, 2011, 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, 2011, the City had the following investment types:

	<b>Fair Value</b>	<b>Weight Average Maturity (years)</b>	<b>Credit Rating</b>
Repurchase agreements	\$ 3,099,066	0.002	n/a
Certificates of deposit	20,189,961	0.05	n/a
Money Market funds	1,416,199	n/a	Aa1
Mutual funds	13,903,300	n/a	AAA
State of South Carolina Treasurer's Investment Pool	1,589,503	0.5	Unrated
<b>Total carrying value</b>	<b>\$ 40,198,029</b>		

At June 30, 2011, the City's investments were not materially exposed to custodial credit risk.

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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

A reconciliation of deposits and investments to cash and cash equivalents shown on the Government-wide and Fiduciary financial statements at June 30, 2011 are as follows:

Cash on hand	\$ 11,586
Carrying amount of cash deposits	262,454
Carrying amount of investments	<u>40,198,029</u>
Total	<u>\$ 40,472,069</u>
Government-wide Statement of Net Assets:	
Cash and cash equivalents	\$ 14,185,678
Equity in pooled cash and cash equivalents	5,356,734
Cash and cash equivalents-restricted	5,639,578
Equity in pooled cash and cash equivalents-restricted	1,370,163
Statement of Fiduciary Net Assets:	
Cash and cash equivalents – Agency Fund	16,618
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	13,452,826
Money Purchase Retirement Plan #2	<u>450,472</u>
Total	<u>\$ 40,472,069</u>

**3. Receivables**

Receivables at June 30, 2011, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Grants	\$ 311,533	\$ —
Property taxes	950,465	—
Franchise fees	686,988	—
Street improvement fees	24,247	—
Stormwater fees	51,282	—
Local accommodation and hospitality fees	647,822	—
Water and sewer accounts	—	1,640,098
Solid waste user fees	—	116,434
Aquatic Center	—	8,533
Beach Service	—	13,337
Defined Benefit Pension Trust Fund (terminated plan)	26,040	—
Other	<u>247,984</u>	<u>—</u>
Gross receivables	2,946,361	1,778,402
Less: allowance for uncollectibles	<u>(922,314)</u>	<u>(6,500)</u>
Net total receivables	<u>\$ 2,024,047</u>	<u>\$ 1,771,902</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

In the Governmental and Proprietary Enterprise Fund financial statements, short-term interfund receivables and payables at June 30, 2011, along with interfund transfers which occurred during the fiscal year were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Activities</u></b>				
General Fund	\$ 5,774,240	\$ —	\$ 4,157,114	\$ 2,605,352
Special Revenue Funds:				
Accommodations (2%) Tax Funds	—	214,874	—	834,308
Local Accommodations (1.5%) Tax Fund	—	411,137	—	2,506,620
Hospitality Fees (1%) Fund	—	236,685	—	1,933,838
Debt Service Fund:				
Stormwater Bonds	—	—	1,140,000	—
Capital Projects Funds:				
Park Improvement Fund	—	2,252,251	—	—
Capital Improvement Fund	—	—	2,005,352	—
Street Improvement Fund	—	—	619,656	—
Beach Renourishment Fund	—	—	14,838	—
Storm Water Drainage Fund	552,478	—	—	1,140,000
<b><u>Business-type Activities</u></b>				
Enterprise Funds:				
Water and Sewer Utility	239,858	—	—	—
Solid Waste Fund	—	239,858	149,257	—
Aquatic Center Fund	1,240	15,348	646,566	—
Beach Services	136,777	3,334,440	287,335	—
	<u>\$ 6,704,593</u>	<u>\$ 6,704,593</u>	<u>\$ 9,020,118</u>	<u>\$ 9,020,118</u>

Net internal balances shown on the Statement of Net Assets between Governmental and Business-type activities equaled \$3,211,771, and resulted from short-term loans between individual funds. Net transfers of monies in/out of Governmental and Business-type activities shown on the Statement of Activities equaled \$1,083,158.

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

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

	<u>Due From</u>	<u>Due To</u>
<b><u>Governmental Activities</u></b>		
General Fund:		
Grants	\$ 261,657	\$ —
Abandoned property	—	3,250
Special Revenue Fund:		
Accommodations (2%) Tax Fund	663,831	—
Capital Projects Fund:		
Street Improvement	168,065	—
	<u>\$ 1,093,553</u>	<u>\$ 3,250</u>
<b><u>Business-type Activities</u></b>		
Water and Sewer Utility Fund Grants	<u>\$ 271,817</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**6. Capital Assets**

A summary of the changes in the City's capital assets during the year ended June 30, 2011, are as follows:

**Governmental Activities:**

	<b>Balance June 30, 2010</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2011</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 11,034,350	\$ 3,567,413	\$ —	\$ —	\$ 14,601,763
Construction in progress	724,248	1,741,066	—	(1,384,062)	1,081,252
Total capital assets not being depreciated	<u>11,758,598</u>	<u>5,308,479</u>	<u>—</u>	<u>(1,384,062)</u>	<u>15,683,015</u>
<b>Capital assets being depreciated:</b>					
Buildings	20,840,996	—	—	—	20,840,996
Improvements	5,647,305	154,860	—	1,384,062	7,186,227
Machinery and equipment	14,946,696	995,829	(312,392)	—	15,630,133
Infrastructure	53,284,649	—	—	—	53,284,649
Total capital assets being depreciated	<u>94,719,646</u>	<u>1,150,689</u>	<u>(312,392)</u>	<u>1,384,062</u>	<u>96,942,005</u>
<b>Less, accumulated depreciation for:</b>					
Buildings	(6,271,195)	(577,369)	—	—	(6,848,563)
Improvements	(2,520,318)	(337,496)	—	—	(2,857,814)
Machinery and equipment	(10,476,319)	(1,248,198)	312,392	—	(11,412,125)
Infrastructure	(13,226,054)	(1,809,003)	—	—	(15,035,058)
Total accumulated depreciation	<u>(32,493,886)</u>	<u>(3,972,066)</u>	<u>312,392</u>	<u>—</u>	<u>(36,153,560)</u>
Total capital assets being depreciated, net	<u>62,225,759</u>	<u>(2,821,377)</u>	<u>—</u>	<u>1,384,062</u>	<u>60,788,445</u>
Net capital assets – Governmental Activities	<u>\$ 73,984,358</u>	<u>\$ 2,487,102</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 76,471,460</u>

For the year ended June 30, 2011, depreciation expenses charged to Governmental Activities totaled \$3,972,066, which has been allocated to the respective departmental functions, in the Statement of Activities as follows:

General government administration	\$ 212,159
Finance	45,751
Information services	95,681
Public safety	1,011,141
Planning and development	36,741
Public works	2,071,099
Parks and recreation	462,232
Support services	37,262
	<u>\$ 3,972,066</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

**Business-type Activities:**

	<b>Balance</b>				<b>Balance</b>
	<b>June 30, 2010</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>June 30, 2011</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 484,405	\$ —	\$ —	\$ —	\$ 484,405
Construction in progress	2,171,698	2,528,208	—	(2,067,930)	2,631,976
<b>Total capital assets not being depreciated</b>	<b>2,656,103</b>	<b>2,528,208</b>	<b>—</b>	<b>(2,067,930)</b>	<b>3,116,381</b>
<b>Capital assets being depreciated:</b>					
Buildings	11,105,864	—	—	—	11,095,444
Water and sewer systems	94,305,026	788,342	—	2,067,930	97,161,298
Improvements	33,701	—	—	—	33,701
Machinery and equipment	12,353,568	796,531	(678,214)	—	12,471,885
<b>Total capital assets being depreciated</b>	<b>117,787,739</b>	<b>1,584,873</b>	<b>(678,214)</b>	<b>2,067,930</b>	<b>120,762,328</b>
<b>Less, accumulated depreciation:</b>					
Buildings	(1,645,077)	(297,075)	—	—	(1,942,152)
Water and sewer systems	(28,698,662)	(1,812,376)	—	—	(30,511,038)
Improvements	(22,231)	(1,445)	—	—	(23,676)
Machinery and equipment	(8,914,486)	(943,270)	649,466	—	(9,208,290)
<b>Total accumulated depreciation</b>	<b>(39,280,456)</b>	<b>(3,054,166)</b>	<b>649,466</b>	<b>—</b>	<b>(41,685,156)</b>
<b>Total capital assets being depreciated, net</b>	<b>78,507,283</b>	<b>(1,469,293)</b>	<b>(28,748)</b>	<b>2,067,930</b>	<b>79,077,172</b>
<b>Net capital assets – Business-type Activities</b>	<b>\$ 81,163,386</b>	<b>\$ 1,058,915</b>	<b>\$ (28,748)</b>	<b>\$ —</b>	<b>\$ 82,193,553</b>

A summary of Proprietary Fund Type capital assets at June 30, 2011, is as follows:

	<b>Water and Sewer Utility</b>	<b>Solid Waste Fund</b>	<b>Aquatic Center Fund</b>	<b>Beach Service Fund</b>	<b>Total</b>
Land	\$ 484,405	\$ —	\$ —	\$ —	\$ 484,405
Buildings	668,218	313,200	9,700,878	413,148	11,095,444
Water and sewer systems	97,161,298	—	—	—	97,161,298
Other improvements	—	32,262	1,439	—	33,701
Machinery and equipment	5,043,484	5,474,423	716,752	1,237,226	12,471,885
Construction in progress	2,631,976	—	—	—	2,631,976
<b>Totals</b>	<b>105,989,381</b>	<b>5,819,885</b>	<b>10,419,069</b>	<b>1,650,374</b>	<b>123,878,709</b>
<b>Less, accumulated depreciation</b>	<b>(34,853,391)</b>	<b>(4,017,822)</b>	<b>(1,869,481)</b>	<b>(944,462)</b>	<b>(41,685,156)</b>
<b>Net capital assets – Proprietary Funds</b>	<b>\$ 71,135,990</b>	<b>\$ 1,802,063</b>	<b>\$ 8,549,588</b>	<b>\$ 705,912</b>	<b>\$ 82,193,553</b>

For the year ended June 30, 2011, depreciation expenses were charged to Business-type activities totaling \$3,054,166 (Water and Sewer Utility – \$2,093,361, Solid Waste Fund – \$397,691, Aquatic Center Fund – \$293,039, and Beach Service – \$270,075, respectively).

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**7. Long-Term Debt**

Long-term debt (other than OPEB, see Note 13) of the City at June 30, 2011, consisted of the following:

**A. Governmental Activities**

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Final Maturity Dates</u>
<u>General Obligation Bonds:</u>				
Refunding	12/30/02	3.88%	\$ 186,000	February 1, 2012
Municipal Roads	4/22/09	3.26%	4,206,518	April 22, 2019
<u>Revenue Bonds:</u>				
Stormwater	7/08/04	3.77%	1,386,958	September 8, 2012
Total general obligation and revenue bonds			5,779,476	
Less, current portions (payable within one year)			(1,761,423)	
			<u>\$ 4,018,053</u>	
<u>Accrued Compensated Absences</u>			1,070,527	
Less, current portions (payable within one year)			—	
			<u>1,070,527</u>	
Total Long-Term Debt - Governmental Activities			<u>\$ 5,088,580</u>	

**B. Business-type Activities**

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Final Maturity Dates</u>
<u>Water and Sewer Utility Fund</u>				
Contract payable:				
Myrtle Beach/Grand Strand Water Sale and Purchase Agreement Series	09/18/91	2.75%-5.50%	\$ 9,110,000	March 1, 2020
Less, current portions (payable within one year)			(856,667)	
			<u>\$ 8,253,333</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatics and Fitness Center Note	11/13/03	3.89%	\$ 6,335,653	November 13, 2023
Less, current portions (payable within one year)			(489,326)	
			<u>\$ 5,846,327</u>	
<u>Accrued Compensated Absences</u>			\$ 356,159	
Less, current portions (payable within one year)			—	
			<u>\$ 356,159</u>	
Total Long-Term Debt - Business-type Activities			<u>\$ 14,455,819</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, 2011, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/10</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/11</u>
<b>Governmental Activities</b>					
<u>General Obligation Bonds:</u>					
Refunding	12/30/02	\$ 371,000	\$ —	\$ 185,000	\$ 186,000
Municipal Roads	4/22/09	4,660,424	—	453,906	4,206,518
Total general obligation bonds		<u>\$ 5,031,424</u>	<u>\$ —</u>	<u>\$ 638,906</u>	<u>\$ 4,392,518</u>
<u>Revenue Bonds:</u>					
Stormwater	7/08/04	<u>\$ 2,452,794</u>	<u>\$ —</u>	<u>\$ 1,065,836</u>	<u>\$ 1,386,958</u>
<u>Capital Lease Payable:</u>					
New equipment lease '06	4/5/06	<u>\$ 426,470</u>	<u>\$ —</u>	<u>\$ 426,470</u>	<u>\$ —</u>
<u>Accrued Compensated Absences:</u>					
		<u>\$ 902,390</u>	<u>\$ 168,137</u>	<u>\$ —</u>	<u>\$ 1,070,527</u>
<b>Business-type Activities</b>					
<u>Contracts Payable:</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement (see Note 8)	09/18/91	<u>\$ 9,920,000</u>	<u>\$ —</u>	<u>\$ 810,000</u>	<u>\$ 9,110,000</u>
<u>Notes Payable:</u>					
Aquatics and fitness center note obligation	11/13/03	<u>\$ 6,699,397</u>	<u>\$ —</u>	<u>\$ 363,744</u>	<u>\$ 6,335,653</u>
<u>Accrued Compensated Absences:</u>					
		<u>\$ 326,803</u>	<u>\$ 29,356</u>	<u>\$ —</u>	<u>\$ 356,159</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:

	<u>Interest Requirements</u>	<u>Principal Requirements</u>	<u>Total Requirements</u>
General Obligation Bonds:			
2012 (Due within one year)	\$ 144,348	\$ 654,703	\$ 799,051
2013	121,853	483,983	605,836
2014	106,075	499,761	605,836
2015	89,783	516,053	605,836
2016	72,960	532,876	605,836
2017	55,588	550,248	605,836
2018	37,650	568,186	605,836
2019	19,127	586,708	605,835
	<u>\$ 647,384</u>	<u>\$ 4,392,518</u>	<u>\$ 5,039,902</u>
Revenue Bonds: (Stormwater Utility)			
2012 (Due within one year)	\$ 33,280	\$ 1,106,720	\$ 1,140,000
2013	2,762	280,238	283,000
	<u>\$ 36,042</u>	<u>\$ 1,386,958</u>	<u>\$ 1,423,000</u>
Contract Payable:			
2012 (Due within one year)	\$ 481,900	\$ 856,667	\$ 1,338,567
2013	434,783	905,000	1,339,783
2014	385,788	950,000	1,335,788
2015	335,913	998,333	1,334,246
2016	283,500	1,053,333	1,336,833
2017	228,200	1,110,000	1,338,200
2018	169,925	1,168,333	1,338,258
2019	108,588	1,225,000	1,333,588
2020	44,275	843,334	887,609
	<u>\$ 2,472,872</u>	<u>\$ 9,110,000</u>	<u>\$ 11,582,872</u>
Note Payable:			
2012 (Due within one year)	\$ 129,643	\$ 489,326	\$ 618,969
2013	227,422	391,547	618,969
2014	212,191	406,778	618,969
2015	196,367	422,602	618,969
2016	179,928	439,041	618,969
2017	162,849	456,120	618,969
2018	145,106	473,863	618,969
2019	126,673	492,296	618,969
2020	107,522	511,447	618,969
2021	87,627	531,342	618,969
2022	66,958	552,011	618,969
2023	45,485	573,484	618,969
2024	23,173	595,796	618,969
	<u>\$ 1,710,944</u>	<u>\$ 6,335,653</u>	<u>\$ 8,046,597</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

**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, 2011, 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, 2011.

**F. Subsequent Event**

The City issued \$15,000,000 General Obligation Bonds Series 2011 for the purpose of defraying costs of purchasing and improving land for recreational use.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

Water Sale and Purchase Agreement

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

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

At year end June 30, 2011, net carrying value of the deferred charge equaled \$6,569,440 with accumulated amortization expense equaling \$12,990,383. For 2011, amortization expense equaled \$654,171. 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 \$900,000 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, 2011, (\$280,000) have been reported in the Enterprise Fund as part of 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, 2011, net carrying value equaled \$7,315,797 and accumulated amortization expense equaling \$1,688,261. For 2011, amortization expense equaled \$225,102.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**9. Capital Contributions**

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

For the Proprietary Fund, a summary of capacity charges recognized and system contributions deeded from developers during the year ended June 30, 2011, were as follows:

Utility system impact fees	\$	1,211,089
System contributions by developers		—
Total capital contributions	\$	<u>1,211,089</u>

**10. Net Assets**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b><u>Invested in Capital Assets, Net of Related Debt:</u></b>		
Net capital assets	\$ 76,471,460	\$ 82,193,553
Less, G.O., revenue bonds, and note payable	(5,779,476)	(6,335,653)
Total invested in capital assets, net of related debt	<u>\$ 70,691,984</u>	<u>\$ 75,857,900</u>
<b><u>Restricted:</u></b>		
Equity in pooled cash and cash equivalents	\$ 3,929,220	\$ 6,592,466
Restricted cash, cash equivalents and deposits	697,275	—
Less, liabilities payable from restricted assets	(261,689)	(1,907,756)
	<u>\$ 4,364,806</u>	<u>\$ 4,684,710</u>
Restricted net assets:		
Public safety:		
Victims' assistance programs	\$ 65,530	\$ —
Drug enforcement programs	387,447	—
Scholarships	48,139	—
Public works:		
Dredging, stormwater, and shore protection projects	3,863,690	—
Future capacity of utility	—	4,684,710
Total restricted net assets	<u>\$ 4,364,806</u>	<u>\$ 4,684,710</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans**

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

**Money Purchase Retirement Plans**

**A. Plan Description**

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

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

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

**B. Basic Provisions**

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

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

Contributions from the City and the City’s employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the retirement plan. The net appreciation (depreciation) in the fair value of investments held by the retirement plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet. Investments in securities (if applicable) are valued at current market prices at June 30, 2011. Investments of the Trust at June 20, 2011, consisted of only mutual fund shares and money market funds (i.e., cash and temporary investments). No investment in any one organization represents 5% or more of the net assets available for pension benefits. There are no investments in, loans to, or leases with parties related to the pension plan. At June 30, 2011, 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, 2011, the plans' participants equaled 207 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2011, approximated \$10,125,475. The City's total payroll, without adjustment for accruals, was approximately \$18,072,332. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2011, equaled \$810,038 and \$10,923, respectively, and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and #2 for the year ended June 30, 2011, equaled \$197,839 and \$10,923 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Assets  
June 30, 2011**

	<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	\$ 1,3452,826	\$ 450,472	\$ 13,903,298
Receivables – Participant loans	759,620		759,620
Total assets	<u>\$ 14,212,446</u>	<u>\$ 450,472</u>	<u>\$ 14,662,918</u>
<b>Net Assets</b>			
Held in trust for employee's pension benefits	<u>\$ 14,212,446</u>	<u>\$ 450,472</u>	<u>\$ 14,662,918</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, 2011

	<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	\$ 810,038	\$ 10,923	\$ 820,961
Employee (member) contributions	197,839	10,923	208,762
Investment income (loss)	1,842,305	66,318	1,908,623
Non-vested rollover	24,673	—	24,673
Total additions	<u>2,874,855</u>	<u>88,164</u>	<u>2,963,019</u>
<b>Deductions</b>			
Benefit payments/loan issuance costs	805,652	—	805,652
Trustee fees	12,358	—	12,358
Forfeitures	35,061	—	35,061
Total deductions	<u>853,071</u>	<u>—</u>	<u>853,071</u>
Change in net assets	2,021,784	88,164	2,109,948
Net assets, beginning of year	12,190,662	362,308	12,552,970
Net assets, end of year	<u>\$ 14,212,446</u>	<u>\$ 450,472</u>	<u>\$ 14,662,918</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, 2011, was 11.13%. 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, 2011, 2010 and 2009 were \$704,161, \$694,491, and \$668,346, respectively, equal to the required contributions for each year.

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

Prior to FY 95, the City maintained its own self-funded death, disability and retirement plan. The plan was a single-employer, defined benefit pension plan administered by the City, as trustee, with plan assets held by a commercial bank under the terms of a custodial and management agreement with the City. In 1994, the City, via resolution, terminated the plan, which effectively ceased all future participation requirements and benefit accruals. All remaining net assets available for benefits (\$307,339 at June 30, 2011) are maintained by a third-party trustee. At June 30, 2011, \$26,040 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, 2011, were \$521,728.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**12. Risk Management (Continued)**

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

The City participates in the South Carolina Municipal Insurance Trust (SCMIT), an insurance pool covering the City’s worker’s compensation liability program. The City funds the costs by charging premiums to user departments. Claims in excess of \$600,000 (stop-loss provision) are issued by a private carrier selected by the SCMIT. The City made premium payments totaling \$221,351 for the year ended June 30, 2011. 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>2011</u>	<u>2010</u>	<u>2009</u>
Unpaid claims at beginning of year	\$ (376,101)	\$ (211,831)	\$ 4,204
Incurred claims for current and prior year events where the City has retained risk of loss	3,820,233	2,959,271	3,120,321
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(3,724,578)</u>	<u>(3,123,541)</u>	<u>(3,336,356)</u>
(Reserve)/unpaid claims at end of year	<u>\$ (280,446)</u>	<u>\$ (376,101)</u>	<u>\$ (211,831)</u>

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

Plan Description

In addition to the pension benefits described in *Note 11*, the City maintains a policy whereby an employee who has 20 years of continuous service with the City will have the opportunity to participate in the City's single employer defined benefit other post-employment benefit (OPEB) plan, hereafter referred to as "OPEB" or the "Program". The plan offers retired employees' premium payments for the employee group health insurance plan (including dental) at no cost. The City's policy premium rates were \$7,481 for the retiree and \$4,679 for the spouse for the year ended June 30, 2011. The retiree pays nothing for retiree only coverage and pays the full premium rate of \$4,679 for spouse coverage. The program covers the retired employee until the earlier of (1) the retired employee reaches age 65, or (2) the retired employee qualifies for health insurance under another plan. The City (through the Mayor and Council) currently administers the program and maintains the authority for establishing benefits and funding policy. The program does not issue separate stand alone financial statements and is not included in the financial statements of another entity.

Funding Policy

The City's contributions are financed on a pay-as-you-go basis and therefore, no trust fund has been established which would maintain plan net assets. At June 30, 2011, the City had 30 retired employees who are covered under this program, with an average age of 64.0 years covered by the program and monthly premium costs averaging \$623 per participant. Total expenses incurred and paid by the City for the year ended June 30, 2011 were \$191,982 or approximately 14.0% of the annual required contribution. For the prior years' 2010 and 2009, expenses incurred equaled \$121,958 and \$91,021, respectively.

Annual Other Post-Employment Benefit (OPEB) Cost

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

Employer normal costs	\$ 916,424
Amortization of UAL	451,340
Annual required contribution (ARC)	<u>1,367,764</u>
Interest on net other post-employment benefit (OPEB) obligation	114,788
Adjustment to required annual contribution	<u>(60,077)</u>
Annual other post-employment benefit (OPEB) cost	1,422,475
Contributions made	<u>191,982</u>
Increase in net other post-employment benefit (OPEB) obligation	1,230,493
Net other post-employment benefit (OPEB) obligation – beginning of year	<u>2,463,018</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u><u>\$ 3,693,511</u></u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

Funded Status and Funding Progress

The actuarial accrued liability for benefits was \$10,579,787, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$18,072,332 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 45 percent.

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

Actuarial Methods and Assumptions

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

In the actuarial valuation dated July 1, 2010, the Projected Unit cost method and the Dollar Closed amortization method were used. The unfunded actuarial accrued liability (“UAAL”) amortization payment is the fixed amount of payroll required to fully amortize the UAAL over a 30 year period. The remaining amortization period is 30 years. The actuarial assumptions included an estimated investment rate of return of 4.00% (which is the annual return net of both administrative and investment related expenses) and a healthcare inflation rate of 5% annually.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**14. Contingencies**

**Litigation**

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

**Federal and State Assisted Programs**

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

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

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

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

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

<i>Capital assets in governmental activities are not financial resources and therefore are not reported in the fund financial statements:</i>	
Capital assets	\$ 112,625,020
Less, accumulated depreciation	(36,153,560)
Net amount reported	<u>\$ 76,471,460</u>
 <i>Some of the City's taxes and insurance claims reserves will be collected after year end, but are not available soon enough to pay for current period's expenditures:</i>	
Taxes and claims reserves, net of allowance for uncollectible	\$ 303,637
Net amount reported	<u>\$ 303,637</u>
 <i>Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements:</i>	
Accrued interest expense	\$ (28,920)
General obligation bonds payable	(4,392,518)
Revenue bonds payable	(1,386,958)
Accrued compensated absences	(1,070,527)
Other Post Employment Benefits (OPEB)	(2,488,585)
Net amount reported	<u>\$ (9,367,508)</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	\$ 6,146,776
Depreciation expense	<u>(3,659,674)</u>
Net amount reported	<u>\$ 2,487,102</u>

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

Insurance claims reserves, net	<u>\$ 191,387</u>
--------------------------------	-------------------

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

Other Post Employment Benefit (OPEB)	\$ (636,176)
Accrued interest expense – net	86,081
Accrued compensated absences payable	(189,620)
Insurance claims payable	<u>72,961</u>
Net amount reported	<u>\$ (666,754)</u>

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

Principal repayments – G.O. Bonds, revenue bonds and capital lease and transfers to escrow agents and other related costs	\$ 2,131,212
Net amount reported	<u>\$ 2,131,212</u>

CITY OF NORTH MYRTLE BEACH

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2011

(With comparative actual amounts for June 30, 2010)

	2011			Variance Positive (Neg.)	2010
	Budget		Actual		Actual
	Original	Final			
<b>Revenue</b>					
Current property taxes	\$ 11,500,000	\$ 11,500,000	\$ 11,684,571	\$ 184,571	\$ 10,822,314
Delinquent property taxes	205,000	205,000	201,185	(3,815)	504,785
Licenses and permits	7,130,500	7,130,500	6,811,281	(319,219)	6,607,116
Fines and forfeitures	509,000	509,000	425,582	(83,418)	591,575
Use of money and property	275,000	275,000	162,591	(112,409)	184,681
Unrestricted intergovernmental	976,100	976,100	889,898	(86,202)	925,511
Restricted intergovernmental	500,000	500,000	644,989	144,989	573,294
Sales and service charges	301,500	301,500	311,370	9,870	316,441
Miscellaneous	25,000	25,000	312,784	287,784	27,356
<b>Total revenue</b>	<b>21,422,100</b>	<b>21,422,100</b>	<b>21,444,251</b>	<b>22,151</b>	<b>20,553,073</b>
<b>Expenditures</b>					
<b>General Government Administration</b>					
General services	820,606	820,606	797,175	23,431	1,174,625
Legislative	104,928	104,928	127,448	(22,520)	103,867
Administrative	170,523	170,523	146,273	24,250	120,429
City Court	418,160	418,160	408,700	9,460	390,657
Legal	160,123	160,123	280,083	(119,960)	170,619
Human resources	447,183	447,183	434,886	12,297	394,707
Community development	—	20,000	20,000	—	—
Total	2,121,523	2,141,523	2,214,565	(73,042)	2,354,904
Less, capital outlay	—	—	(19,001)	19,001	(414,488)
Net general government administration	2,121,523	2,141,523	2,195,564	(54,041)	1,940,416
<b>Finance</b>					
Accounting	336,765	336,765	322,916	13,849	320,546
Revenue	411,714	411,714	410,291	1,423	397,170
Total	748,479	748,479	733,207	15,272	717,716
Less, capital outlay	—	—	—	—	—
Net finance	748,479	748,479	733,207	15,272	717,716
<b>Information Services</b>					
Total	486,308	486,308	529,664	(43,356)	439,527
Less, capital outlay	(154,485)	(154,485)	(85,945)	(68,540)	(110,628)
Net information services	331,823	331,823	443,719	(111,896)	(328,899)
<b>Public Safety</b>					
Administrative	317,695	317,695	335,951	(18,256)	286,204
Uniform patrol	4,580,940	4,580,940	4,119,048	461,892	4,280,720
Community services	740,182	740,182	747,973	(7,791)	739,354
Detectives	848,189	848,189	770,078	78,111	878,132
Communications/Detention	1,102,902	1,102,902	1,040,113	62,789	1,016,532
Records	273,488	273,488	235,202	38,286	246,069
Victim's assistance	72,397	72,397	68,263	4,134	71,788
Police training	159,143	159,143	104,039	55,104	128,659
Fire suppression	3,363,938	3,363,938	3,215,125	148,813	3,178,469
Fire prevention	326,597	326,597	318,499	8,098	321,266
Total	11,785,471	11,785,471	10,954,291	831,180	11,147,193
Less, capital outlay	(146,500)	(146,500)	(57,242)	(89,258)	(237,183)
Net public safety	11,638,971	11,638,971	10,897,049	741,922	10,910,010

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2011		Actual	Variance Positive (Neg.)	2010
	Budget Original	Budget Final			Actual
<b>Expenditures (Continued)</b>					
<b>Planning/Development</b>					
Planning/zoning administration	872,646	872,646	842,641	30,005	786,276
Code enforcement-building	705,538	705,538	658,302	47,236	667,004
Total	1,578,184	1,578,184	1,500,943	77,241	1,453,280
Less, capital outlay	—	—	—	—	—
Net planning/development	1,578,184	1,578,184	1,500,943	77,241	1,453,280
<b>Public Works</b>					
Streets/drainage	2,012,524	2,012,524	1,907,533	104,991	1,863,243
Less, capital outlay	(55,000)	(55,000)	(42,650)	(12,350)	—
Net public works	1,957,524	1,957,524	1,864,883	92,641	1,863,243
<b>Parks and Recreation</b>					
Recreation administration	261,523	261,523	253,185	8,338	330,566
Athletics	224,498	224,498	211,045	13,453	207,920
Programs	620,781	620,781	550,222	70,559	540,175
Parks and grounds	1,248,500	1,248,500	1,218,679	29,821	1,237,730
Total	2,355,302	2,355,302	2,233,131	122,171	2,316,391
Less, capital outlay	(43,800)	(43,800)	(48,683)	4,883	(145,532)
Net parks and recreation	2,311,502	2,311,502	2,184,448	127,054	2,170,859
<b>Support Services</b>					
Purchasing	182,263	182,263	159,300	22,963	153,683
Fleet maintenance	282,399	282,399	265,388	17,011	255,920
Custodial services	280,462	280,462	446,349	(165,887)	257,896
Total	745,124	745,124	871,037	(125,913)	667,499
Less, capital outlay	—	—	—	—	—
Net support services	745,124	745,124	871,037	(125,913)	667,499
<b>Debt Service</b>					
Principal retirement	1,065,403	1,065,403	1,065,402	1	1,626,708
Interest and fiscal charges	183,342	183,342	183,342	—	219,382
Agent fees	27,658	27,658	5,234	22,424	33,381
Total debt service	1,276,403	1,276,403	1,253,978	22,425	1,879,471
<b>Capital Outlay</b>	399,785	399,785	253,521	146,264	907,831
<b>Total expenditures</b>	<b>23,129,318</b>	<b>23,129,318</b>	<b>22,198,348</b>	<b>930,970</b>	<b>22,839,224</b>
Excess (deficiency) of revenue over (under) expenditures	(1,707,218)	(1,707,218)	(754,097)	953,121	(2,286,151)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2011		2010	Variance Positive (Neg.)	2010 Actual
	Budget Original	Budget Final			
<b>Other Financing Sources (Uses)</b>					
Transfers in:					
From Accommodations (2%) Tax Fund	542,407	542,407	542,407	—	679,042
From Local (1.5%) Accommodations Tax Fund	1,385,000	1,385,000	1,674,180	289,180	1,425,668
From Local (1%) Hospitality Fee Fund	1,900,000	1,900,000	1,933,838	33,838	1,838,756
From Beach Services Fund	—	—	6,689	6,689	24,822
Total transfers in	<u>3,827,407</u>	<u>3,827,407</u>	<u>4,157,114</u>	<u>329,707</u>	<u>3,968,288</u>
Transfers (out):					
To Capital Improvement Fund	(2,005,352)	(2,005,352)	(2,005,352)	—	(1,500,000)
To Street Improvement Fund	(600,000)	(600,000)	(600,000)	—	(650,000)
Total Transfers (out)	<u>(2,605,352)</u>	<u>(2,605,352)</u>	<u>(2,605,352)</u>	<u>—</u>	<u>(2,150,000)</u>
Total other financing sources (uses)	<u>1,222,055</u>	<u>1,222,055</u>	<u>1,551,762</u>	<u>329,707</u>	<u>1,818,288</u>
<b>Net change in fund balance</b>	<b>(485,163)</b>	<b>(485,163)</b>	<b>797,665</b>	<b>1,282,828</b>	<b>(467,863)</b>
Fund balance, beginning of year	9,284,924	9,284,924	9,284,924	—	9,752,787
Fund balance, end of year	<u>\$ 8,799,761</u>	<u>\$ 8,799,761</u>	<u>\$ 10,082,589</u>	<u>\$ 1,282,828</u>	<u>\$ 9,284,924</u>

**Notes to Schedule:**

Budget to Actual Deficits

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

Budgets and Budgetary Accounting

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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

STORMWATER FUND

YEAR ENDED JUNE 30, 2011

(With comparative actual amounts for June 30, 2010)

	2011		Actual	Variance Positive (Neg.)	2010
	Budget Original	Final			Actual
<b>Revenue</b>					
Use of money and property:					
Interest on investments	\$ 30,000	\$ 30,000	\$ 9,353	\$ 20,647	\$ 22,246
Sales and service charges:					
Storm water drainage fees	1,975,000	1,975,000	1,988,024	(13,024)	1,972,931
Penalties	10,000	10,000	9,596	404	10,372
Less, adjustments/bad debts	—	—	(279)	279	—
<b>Total revenue</b>	<b>2,015,000</b>	<b>2,015,000</b>	<b>2,006,694</b>	<b>(8,306)</b>	<b>2,005,549</b>
<b>Expenditures</b>					
Finance:					
Overhead allocation –					
Accounting	14,032	14,032	13,455	577	—
Utility billing	28,702	28,702	30,705	(2,003)	—
Public works:					
Administration-overhead allocation	43,941	43,941	42,513	1,428	—
Streets/drainage	111,807	111,807	105,759	6,048	—
Beach water quality monitoring	—	—	12,000	(12,000)	—
Capital outlay:					
Main Street drainage	200,000	200,000	19,213	180,787	171,566
18 <sup>th</sup> Street drainage	200,000	200,000	26,218	173,782	248,570
Drainage/Ocean out-fall	—	—	1,391	(1,391)	—
Hillside drainage basin	1,400,000	1,400,000	50,896	1,349,103	11,580
<b>Total expenditures</b>	<b>1,998,482</b>	<b>1,998,482</b>	<b>302,150</b>	<b>1,696,332</b>	<b>431,716</b>
Excess (deficiency) of revenue over (under) expenditures	16,518	16,518	1,704,544	1,688,026	1,573,833
<b>Other Financing Sources (Uses)</b>					
Transfers (out) – Debt Service Fund	(1,140,000)	(1,140,000)	(1,140,000)	—	(1,140,000)
<b>Total other financing sources (uses)</b>	<b>(1,140,000)</b>	<b>(1,140,000)</b>	<b>(1,140,000)</b>	<b>—</b>	<b>(1,140,000)</b>
<b>Net change in fund balance</b>	<b>(1,123,482)</b>	<b>(1,123,482)</b>	<b>564,544</b>	<b>1,688,026</b>	<b>433,833</b>
Fund balance, beginning of year	4,672,751	4,672,751	4,672,751	—	4,238,918
<b>Fund balance, end of year</b>	<b>\$ 3,549,269</b>	<b>\$ 3,549,269</b>	<b>\$ 5,237,295</b>	<b>\$ 1,688,026</b>	<b>\$ 4,672,751</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

PARK DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2011

(With comparative actual amounts for June 30, 2010)

	2011				2010
	Budget		Actual	Variance Positive (Neg.)	Actual
	Original	Final			
<b>Revenue</b>					
Use of money and property:					
Interest on investments	\$ 20,000	\$ 20,000	\$ 1,975	\$ 18,025	\$ 7,843
Miscellaneous	—	—	120	(120)	125
Total revenue	20,000	20,000	2,095	17,905	7,968
<b>Expenditures</b>					
Park and Recreation:					
Land acquisition	2,850,000	2,850,000	3,087,676	(237,676)	—
Park development	480,000	480,000	634,597	(154,597)	343,179
Total expenditures	3,330,000	3,330,000	3,722,273	(392,273)	343,179
Excess (deficiency) of revenue over (under) expenditures	(3,310,000)	(3,310,000)	(3,720,175)	(410,178)	(335,211)
<b>Net change in fund balance</b>	<b>(3,310,000)</b>	<b>(3,310,000)</b>	<b>(3,720,178)</b>	<b>(410,178)</b>	<b>(335,211)</b>
Fund balance, beginning of year	1,434,312	1,434,312	1,434,312	—	1,769,523
Fund balance, end of year	<u><u>\$(1,875,688)</u></u>	<u><u>\$(1,875,688)</u></u>	<u><u>\$(2,285,866)</u></u>	<u><u>\$ (410,178)</u></u>	<u><u>\$ 1,434,312</u></u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/01/10	—	\$10,579,787	\$10,579,787	0%	\$18,072,332	58.5%

CITY OF NORTH MYRTLE BEACH

## OTHER FINANCIAL INFORMATION

CITY OF NORTH MYRTLE BEACH

COMBINING 'NON-MAJOR' GOVERNMENTAL  
FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ 76	\$ —	\$ 2,951,943	\$ 2,952,019
Receivables, net	647,822	—	24,247	672,069
Due from other governments	663,831	—	168,065	831,896
<b>Total assets</b>	<u>\$ 1,311,729</u>	<u>\$ —</u>	<u>\$ 3,144,255</u>	<u>\$ 4,455,984</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 358,405	\$ —	\$ 152,082	\$ 510,487
Due to other funds	862,696	—	—	862,696
<b>Total liabilities</b>	<u>1,221,101</u>	<u>—</u>	<u>152,082</u>	<u>1,373,183</u>
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	90,628	—	773,062	863,690
Committed by ordinance	—	—	—	—
Assigned by management	—	—	2,219,111	2,219,111
Unassigned (deficit)	—	—	—	—
<b>Total fund balances</b>	<u>90,628</u>	<u>—</u>	<u>2,992,173</u>	<u>3,082,801</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,311,729</u>	<u>\$ —</u>	<u>\$ 3,144,255</u>	<u>\$ 4,455,984</u>

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, 2011

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Non-Major Governmental Funds
<b>Revenue</b>				
Use of money and property	\$ 244	\$ —	\$ 90,102	\$ 90,346
Restricted intergovernmental	6,713,027	—	2,919,065	9,632,092
Sales and service charges	—	—	240	240
Miscellaneous	—	—	—	—
Total revenue	<u>6,713,271</u>	<u>—</u>	<u>3,009,407</u>	<u>9,722,678</u>
<b>Expenditures</b>				
Current:				
Public safety	—	—	660,415	660,415
Public works	—	—	2,421,348	2,421,348
Parks and recreation	1,353,909	—	1,353,128	2,707,037
Debt Service	—	1,140,000	—	1,140,000
Total expenditures	<u>1,353,909</u>	<u>1,140,000</u>	<u>4,434,891</u>	<u>6,928,800</u>
Excess (deficiency) of revenue over (under) expenditures	<u>5,359,362</u>	<u>(1,140,000)</u>	<u>(1,425,484)</u>	<u>2,793,878</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	1,140,000	2,639,846	3,779,846
Transfers (out)	(5,274,766)	—	—	(5,274,766)
Total other financing sources (uses)	<u>(5,274,766)</u>	<u>1,140,000</u>	<u>2,639,846</u>	<u>(1,494,920)</u>
<b>Net change in fund balances</b>	<b>84,596</b>	<b>—</b>	<b>1,214,362</b>	<b>1,298,958</b>
Fund balances, beginning of year	6,032	—	1,777,811	1,783,843
Fund balances, end of year	<u>\$ 90,628</u>	<u>\$ —</u>	<u>\$ 2,992,173</u>	<u>\$ 3,082,801</u>

CITY OF NORTH MYRTLE BEACH

**INDIVIDUAL FUND  
FINANCIAL STATEMENTS**

CITY OF NORTH MYRTLE BEACH

## GENERAL FUND

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
BALANCE SHEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,051,544	\$ 4,462,969
Equity in pooled cash and cash equivalents	—	—
Deposits held by others	—	26,886
Receivables:		
Property taxes	948,965	975,310
Less, allowance for doubtful accounts	(920,814)	(944,711)
Franchise fees	686,988	744,669
Grants	311,533	311,241
Defined Benefit Pension Trust Fund	26,040	59,247
Other receivables	247,984	34,546
Due from other governments:		
State of South Carolina	174,289	156,303
Horry County	87,368	89,389
Due from other funds:		
Accommodations (2%) Tax Fund	214,874	292,747
Local Accommodations (1.5%) Tax Fund	274,360	272,158
Hospitality (1.0%) Fees Fund	236,685	225,106
Park Improvement Fund	2,252,251	
Solid Waste Fund	—	793,207
Aquatic Center Fund	—	219,990
Beach Service Fund	2,796,070	1,963,232
Inventories and prepaid items	432,554	190,024
Restricted assets:		
Cash and cash equivalents:		
Drug enforcement account	388,837	345,740
Police seizures held	44,691	27,971
Public safety scholarship fund	48,139	56,167
Equity in pooled cash and cash equivalents:		
Bail bond account	215,608	156,521
Total assets	<u>\$ 11,517,966</u>	<u>\$ 10,458,712</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
BALANCE SHEET

— CONTINUED —

	<u>2011</u>	<u>2010</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 720,666	\$ 460,792
Accrued payroll and withholdings payable	449,772	423,847
Accrued compensated absences	—	21,483
Insurance claims payable, net	—	71,454
Due to other governments:		
State of SC – abandoned property	3,250	10,108
Due to payable from restricted assets:		
Bail bonds	215,608	156,521
Police seizures held	44,691	27,971
Magistrate payable	1,390	1,612
Total liabilities	<u>1,435,377</u>	<u>1,173,788</u>
Fund Balance:		
Non-spendable	432,554	190,024
Restricted by others	501,116	968,830
Committed by ordinance	392,500	392,500
Assigned by management	—	—
Unassigned	8,756,419	7,733,570
Total fund balance	<u>10,082,589</u>	<u>9,284,924</u>
Total liabilities and fund balance	<u>\$ 11,517,966</u>	<u>\$ 10,458,712</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2011  
 (With comparative actual amounts for June 30, 2010)

Revenue	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
Current property taxes	\$ 11,500,000	\$ 11,684,571	\$ 184,571	\$ 10,822,314
Delinquent property taxes:				
Real and personal property	115,000	66,614	(48,386)	372,131
Penalties	90,000	134,571	44,571	132,654
	<u>205,000</u>	<u>201,185</u>	<u>(3,815)</u>	<u>504,785</u>
Licenses and permits:				
Business licenses	4,900,000	4,435,940	(464,060)	4,392,204
Business license penalties	50,000	29,913	(20,087)	41,857
Building permits	325,000	346,235	21,235	312,981
Inspection fees	3,500	2,715	(785)	2,805
Other permits	10,000	14,255	4,255	13,060
Tree bank	—	3,750	3,750	—
Franchise fee – electricity	1,265,000	1,385,359	120,359	1,282,968
Franchise fee – cable TV	440,000	452,289	12,289	435,201
Franchise fee – telephone	37,000	58,398	21,398	44,934
Franchise fee – gas	100,000	82,427	(17,573)	81,106
	<u>7,130,500</u>	<u>6,811,281</u>	<u>(319,219)</u>	<u>6,607,116</u>
Fines and forfeitures:				
Fines	900,000	724,041	(175,959)	731,508
Seizures	30,000	37,971	7,971	212,900
Improper parking	9,000	16,685	7,685	12,375
Victims assistance	60,000	58,644	(1,356)	59,673
Less, remittances to State Treasurer	(490,000)	(411,759)	78,241	(424,881)
	<u>509,000</u>	<u>425,582</u>	<u>(83,418)</u>	<u>591,575</u>
Use of money and property:				
Interest on investments	125,000	(910)	(125,910)	23,628
Property rental	150,000	163,501	13,501	161,053
	<u>275,000</u>	<u>162,591</u>	<u>(112,409)</u>	<u>184,681</u>
Unrestricted intergovernmental:				
Local government	314,500	261,229	(53,271)	301,995
Homestead exemption tax	103,000	110,966	7,966	107,474
Business inventory tax	36,600	36,653	53	36,616
Accommodations tax	145,000	144,609	(391)	136,341
Admissions tax	175,000	147,614	(27,386)	163,077
Motor carrier tax	22,000	17,127	(4,873)	19,128
Alcoholic beverage permit fees	180,000	171,700	(8,300)	160,880
	<u>976,100</u>	<u>889,898</u>	<u>(86,202)</u>	<u>925,511</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Revenue (Continued)</b>				
Restricted intergovernmental:				
Federal FEMA grant	—	20,158	20,158	—
Federal Homeland security/DOJ grants	500,000	498,497	(1,503)	523,404
State PRT/misc. grants	—	126,334	126,334	8,890
Horry County recreation	—	—	—	41,000
	<u>500,000</u>	<u>644,989</u>	<u>144,989</u>	<u>573,294</u>
Sales and service charges:				
City codes and ordinances	10,000	9,697	(303)	9,299
Fire protection – contracts	110,000	106,800	(3,200)	107,184
Street work	4,000	8,200	4,200	3,636
Beach services franchise	60,000	80,000	20,000	60,000
Recreation fees	81,000	83,866	2,866	86,163
GIS Data	1,500	65	(1,435)	65
Miscellaneous	35,000	22,742	(12,258)	50,094
	<u>301,500</u>	<u>311,370</u>	<u>9,870</u>	<u>316,441</u>
Miscellaneous:				
Insurance reimbursements	25,000	231,216	206,216	11,448
Grants from private entities	—	18,895	18,895	21,248
Mayfest sponsorship	—	12,250	12,250	9,000
PS Scholarship Fund donation	—	423	423	15,660
Other	—	50,000	50,000	(30,000)
	<u>25,000</u>	<u>312,784</u>	<u>287,784</u>	<u>27,356</u>
<b>Total revenue</b>	<b><u>21,422,100</u></b>	<b><u>21,444,251</u></b>	<b><u>22,151</u></b>	<b><u>20,553,073</u></b>
<b>Expenditures</b>				
<b>General Government Administration</b>				
General Services:				
Personal services	171,400	233,776	(62,376)	220,706
Operating expenditures	1,320,610	1,203,766	116,844	1,268,045
Capital expenditure	—	12,095	(12,095)	414,488
Less, overhead allocation – utility	(671,404)	(652,461)	(18,943)	(728,614)
	<u>820,606</u>	<u>797,176</u>	<u>23,431</u>	<u>1,174,625</u>
Legislative:				
Personal services	194,155	190,583	3,572	178,983
Operating expenditures	15,700	64,311	(48,611)	51,833
Less, overhead allocation – utility	(104,927)	(127,447)	22,520	(126,949)
	<u>104,928</u>	<u>127,447</u>	<u>(22,519)</u>	<u>103,867</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>General Government Administration (Cont.)</b>				
Administrative:				
Personal services	250,195	261,168	(10,973)	246,918
Operating expenditures	90,850	31,377	59,473	20,702
Less, overhead allocation – utility	(170,522)	(146,272)	(24,250)	(147,191)
	<u>170,523</u>	<u>146,273</u>	<u>24,250</u>	<u>120,429</u>
City Court:				
Personal services	365,185	360,980	4,205	348,304
Operating expenditures	52,975	40,814	12,161	42,353
Capital expenditures	—	6,906	(6,906)	—
	<u>418,160</u>	<u>408,700</u>	<u>9,460</u>	<u>390,657</u>
Legal:				
Personal services	205,747	206,618	(871)	195,224
Operating expenditures	114,500	353,548	(239,048)	183,929
Less, overhead allocation – utility	(160,124)	(280,083)	119,959	(208,534)
	<u>160,123</u>	<u>280,083</u>	<u>(119,960)</u>	<u>170,619</u>
Human resources:				
Personal services	731,204	681,389	49,815	611,562
Operating expenditures	39,800	68,414	(28,614)	68,967
Capital expenditures	—	—	—	—
Less, overhead allocation – utility	(323,821)	(314,917)	(8,904)	(285,822)
	<u>447,183</u>	<u>434,886</u>	<u>12,297</u>	<u>394,707</u>
Community Development:				
Museum	20,000	20,000	—	—
	<u>20,000</u>	<u>20,000</u>	<u>—</u>	<u>—</u>
Total general government administration	2,141,523	2,214,565	(73,042)	2,354,904
Less, total capital outlay	—	(19,001)	19,001	(414,488)
<b>Net general government administration</b>	<u>2,141,523</u>	<u>2,195,564</u>	<u>(54,041)</u>	<u>1,940,416</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Finance</b>				
Accounting:				
Personal services	561,193	546,599	14,594	522,367
Operating expenditures	140,400	126,143	14,257	118,725
Capital expenditures	—	—	—	—
Less, overhead allocation – utility	(364,828)	(349,826)	(15,002)	(320,546)
	<u>336,765</u>	<u>322,916</u>	<u>13,849</u>	<u>320,546</u>
Revenue:				
Personal services	382,649	380,692	1,957	372,618
Operating expenditures	29,065	29,599	(534)	24,552
Capital expenditures	—	—	—	—
	<u>411,714</u>	<u>410,291</u>	<u>1,423</u>	<u>397,170</u>
Total finance	748,479	733,207	15,272	717,716
Less, total capital outlay	—	—	—	—
<b>Net finance</b>	<u>748,479</u>	<u>733,207</u>	<u>15,272</u>	<u>717,716</u>
<b>Information Services</b>				
Personal services	519,166	509,538	9,628	482,733
Operating services	150,599	283,490	(132,891)	151,600
Capital expenditures	154,485	85,945	68,540	110,628
Less, overhead allocation – utility	(337,942)	(349,309)	11,367	(305,434)
	<u>486,308</u>	<u>529,664</u>	<u>(43,356)</u>	<u>439,527</u>
Total information services	486,308	529,664	(43,356)	439,527
Less, total capital outlay	(154,485)	(85,945)	(68,540)	(110,628)
<b>Net information services</b>	<u>331,823</u>	<u>443,719</u>	<u>(111,896)</u>	<u>328,899</u>
<b>Public Safety</b>				
Administrative:				
Personal services	295,295	285,714	9,581	229,531
Operating expenditures	22,400	50,237	(27,837)	56,673
Capital expenditures	—	—	—	—
	<u>317,695</u>	<u>335,951</u>	<u>(18,256)</u>	<u>286,204</u>
Uniform patrol:				
Personal services	4,131,840	3,600,690	531,150	3,792,433
Operating expenditures	449,100	479,486	(30,386)	390,276
Capital expenditures	—	38,872	(38,872)	98,011
	<u>4,580,940</u>	<u>4,119,048</u>	<u>461,892</u>	<u>4,280,720</u>
Community services:				
Personal services	555,566	524,107	31,459	551,720
Operating expenditures	184,616	183,267	1,349	169,009
Capital expenditures	—	40,599	(40,599)	18,625
	<u>740,182</u>	<u>747,973</u>	<u>(7,791)</u>	<u>739,354</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Public Safety (Cont.)</b>				
Detectives:				
Personal services	766,361	686,642	79,719	753,740
Operating expenditures	81,828	83,436	(1,608)	78,706
Capital expenditures	—	—	—	45,686
	<u>848,189</u>	<u>770,078</u>	<u>78,111</u>	<u>878,132</u>
Communications/Detention:				
Personal services	1,036,793	1,019,295	17,498	968,486
Operating expenditures	146,514	106,994	39,520	119,362
Capital expenditures	15,500	4,269	11,231	17,078
Less, overhead allocation – utility	(95,905)	(90,445)	(5,460)	(88,394)
	<u>1,102,902</u>	<u>1,040,113</u>	<u>62,789</u>	<u>1,016,532</u>
Records:				
Personal services	206,124	206,570	(446)	198,869
Operating expenditures	67,364	28,632	38,732	47,200
Capital expenditures	—	—	—	—
	<u>273,488</u>	<u>235,202</u>	<u>38,286</u>	<u>246,069</u>
Victim's Assistance:				
Personal services	66,383	63,329	3,054	66,214
Operating expenditures	6,014	4,934	1,080	5,574
	<u>72,397</u>	<u>68,263</u>	<u>4,134</u>	<u>71,788</u>
Police Training:				
Personal services	141,213	93,576	47,637	115,458
Operating expenditures	17,930	10,463	7,467	13,201
	<u>159,143</u>	<u>104,039</u>	<u>55,104</u>	<u>128,659</u>
Fire Suppression/Rescue:				
Personal services	2,982,388	2,920,023	62,365	2,871,716
Operating expenditures	250,550	242,129	8,421	248,970
Capital expenditures	131,000	52,973	78,027	57,783
	<u>3,363,938</u>	<u>3,215,125</u>	<u>148,813</u>	<u>3,178,469</u>
Fire Prevention/Inspection:				
Personal services	305,962	298,916	7,046	297,603
Operating expenditures	20,635	19,583	1,052	23,663
Capital expenditures	—	—	—	—
	<u>326,597</u>	<u>318,499</u>	<u>8,098</u>	<u>321,266</u>
Total Public Safety	11,785,471	10,954,291	831,180	11,147,193
Less, total capital outlay	(146,500)	(57,242)	(89,258)	(237,183)
<b>Net public safety</b>	<u>11,638,971</u>	<u>10,897,049</u>	<u>741,922</u>	<u>10,910,010</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Planning/Development</b>				
Planning/Zoning Administration:				
Personal services	814,946	803,021	11,925	739,971
Operating expenditures	57,700	39,620	18,080	46,305
	<u>872,646</u>	<u>842,641</u>	<u>30,005</u>	<u>786,276</u>
Building:				
Personal services	650,421	646,234	4,187	610,826
Operating expenditures	92,250	46,714	45,536	91,283
Less, overhead allocation – utility	(37,133)	(34,647)	(2,486)	(35,105)
	<u>705,538</u>	<u>658,301</u>	<u>47,237</u>	<u>667,004</u>
Total Planning/Development	1,578,184	1,500,942	77,242	1,453,280
Less, total capital outlay	—	—	—	—
<b>Net planning/development</b>	<u>1,578,184</u>	<u>1,500,942</u>	<u>77,242</u>	<u>1,453,280</u>
<b>Public Works</b>				
Streets/Drainage:				
Personal services	1,207,751	1,119,366	88,385	1,141,717
Operating expenditures	973,387	957,035	16,352	928,553
Capital expenditures	55,000	42,650	12,350	—
Less, overhead allocation – utility	(223,614)	(211,518)	(12,096)	(207,027)
	<u>2,012,524</u>	<u>1,907,533</u>	<u>104,991</u>	<u>1,863,243</u>
Total Public Works	2,012,524	1,907,533	104,991	1,863,243
Less, total capital outlay	(55,000)	(42,650)	(12,350)	—
<b>Net public works</b>	<u>1,957,524</u>	<u>1,864,883</u>	<u>92,641</u>	<u>1,863,243</u>
<b>Parks and Recreation</b>				
Recreation Administration:				
Personal services	291,247	277,713	13,534	228,921
Operating expenditures	57,450	59,866	(2,416)	75,452
Capital expenditures	—	—	—	26,193
Less, overhead allocation – utility	(87,174)	(84,394)	(2,780)	—
	<u>261,523</u>	<u>253,185</u>	<u>8,338</u>	<u>330,566</u>
Athletics:				
Personal services	84,961	86,674	(1,713)	77,644
Operating expenditures	139,537	124,371	15,166	130,276
	<u>224,498</u>	<u>211,045</u>	<u>15,166</u>	<u>207,920</u>
Programs:				
Personal services	187,001	192,650	(5,649)	166,377
Operating expenditures	433,780	357,572	76,208	373,798
	<u>620,781</u>	<u>550,222</u>	<u>76,208</u>	<u>540,175</u>
Parks and Grounds:				
Personal services	772,672	756,687	15,985	733,433
Operating expenditures	432,028	413,309	18,719	384,958
Capital expenditures	43,800	48,683	(4,883)	119,339
	<u>1,248,500</u>	<u>1,218,679</u>	<u>29,821</u>	<u>1,237,730</u>
Total Parks and Recreation	2,355,302	2,233,131	122,171	2,316,391
Less, total capital outlay	(43,800)	(48,683)	4,883	(145,532)
<b>Net parks and recreation</b>	<u>2,311,502</u>	<u>2,184,448</u>	<u>127,054</u>	<u>2,170,859</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Support Services</b>				
Purchasing:				
Personal services	430,759	373,024	57,735	361,985
Operating expenditures	24,900	25,227	(327)	22,221
Less, overhead allocation – utility	(273,396)	(238,951)	(34,445)	(230,523)
	<u>182,263</u>	<u>159,300</u>	<u>22,963</u>	<u>153,683</u>
Fleet management:				
Personal services	421,316	411,605	9,711	386,153
Operating expenditures	49,350	30,708	18,642	40,381
Less, overhead allocation – utility	(188,267)	(176,925)	(11,342)	(170,614)
	<u>282,399</u>	<u>265,388</u>	<u>17,011</u>	<u>255,920</u>
Custodial Services:				
Personnel services	363,639	364,231	(592)	243,971
Operating expenses	128,400	418,837	(290,437)	165,388
Less, overhead allocation – utility	(211,577)	(336,719)	125,142	(151,463)
	<u>280,462</u>	<u>446,349</u>	<u>(165,887)</u>	<u>257,896</u>
Total Support Services	745,124	871,037	(125,913)	667,499
Less, total capital outlay	—	—	—	—
<b>Net support services</b>	<u>745,124</u>	<u>871,037</u>	<u>(125,913)</u>	<u>667,499</u>
<b>Total Departmental Expenditures (net)</b>	<u>21,453,130</u>	<u>20,690,849</u>	<u>762,281</u>	<u>20,051,922</u>
<b>Debt Service</b>				
Principal retirement	1,065,403	1,065,402	1	1,626,708
Interest and fiscal charges	183,342	183,342	—	219,382
Agent fees	27,658	5,234	22,424	33,381
<b>Total debt service</b>	<u>1,276,403</u>	<u>1,253,978</u>	<u>22,425</u>	<u>1,879,471</u>
<b>Capital Outlay</b>	<u>399,785</u>	<u>253,521</u>	<u>146,264</u>	<u>907,831</u>
<b>Total expenditures</b>	<u>23,129,318</u>	<u>22,198,348</u>	<u>930,970</u>	<u>22,839,224</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,707,218)</u>	<u>(754,097)</u>	<u>953,121</u>	<u>(2,286,151)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Other Financing Sources (Uses)</b>				
Transfers in:				
From Accommodations (2%) Tax Fund	542,407	542,407	—	679,042
From Local (1.5%) Accommodations Tax Fund	1,385,000	1,674,180	(289,180)	1,425,668
From Local (1%) Hospitality Fee Fund	1,900,000	1,933,838	(33,838)	1,838,756
From Beach Services Fund	—	6,689	(6,689)	24,822
Total transfers in:	<u>3,827,407</u>	<u>4,157,114</u>	<u>(329,707)</u>	<u>3,968,288</u>
Transfers (out):				
To Capital Improvement Fund	(2,005,352)	(2,005,352)	—	(1,500,000)
To Street Improvement Fund	(600,000)	(600,000)	—	(650,000)
Total transfers (out)	<u>(2,605,352)</u>	<u>(2,605,352)</u>	<u>—</u>	<u>(2,150,000)</u>
Total other financing sources (uses)	<u>1,222,055</u>	<u>1,551,762</u>	<u>329,707</u>	<u>1,818,288</u>
<b>Net change in fund balance</b>	<b>(485,163)</b>	<b>797,665</b>	<b>1,282,828</b>	<b>(467,863)</b>
Fund balance, beginning of year	<u>9,284,924</u>	<u>9,284,924</u>	<u>—</u>	<u>9,752,787</u>
Fund balance, end of year	<u>\$ 8,799,761</u>	<u>\$ 10,082,589</u>	<u>\$ 1,282,828</u>	<u>\$ 9,284,924</u>

CITY OF NORTH MYRTLE BEACH

## SPECIAL REVENUE FUNDS

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

**Accommodations (2%) Tax Fund:**

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

**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.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	Non-Major Funds			Totals
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ —	\$ 49	\$ 27	\$ 76
Receivables, net	—	411,137	236,685	647,822
Due from other funds	—	—	—	—
Due from other governments	663,831	—	—	663,831
Deposits	—	—	—	—
<b>Total assets</b>	<b>\$ 663,831</b>	<b>\$ 411,186</b>	<b>\$ 236,712</b>	<b>\$ 1,311,729</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 358,329	\$ 49	\$ 27	\$ 358,405
Due to other funds	214,874	411,137	236,685	862,696
<b>Total liabilities</b>	<b>573,203</b>	<b>411,186</b>	<b>236,712</b>	<b>1,221,101</b>
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	90,628	—	—	90,628
Committed by ordinance	—	—	—	—
Assigned by management	—	—	—	—
Unassigned	—	—	—	—
<b>Total fund balances</b>	<b>90,628</b>	<b>—</b>	<b>—</b>	<b>90,628</b>
<b>Total liabilities and fund balances</b>	<b>\$ 663,831</b>	<b>\$ 411,186</b>	<b>\$ 236,712</b>	<b>\$ 1,311,729</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2011

	Non-Major Funds			Totals
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	
<b>Revenue</b>				
Use of money and property	\$ 244	—	\$ —	\$ 244
Restricted intergovernmental	2,272,569	2,506,620	1,933,838	6,713,027
Sales and service charges	—	—	—	—
Total revenue	2,272,813	2,506,620	1,933,838	6,713,271
<b>Expenditures</b>				
Current:				
Finance	—	—	—	—
Public works	—	—	—	—
Parks and recreation	1,353,909	—	—	1,353,909
Total expenditures	1,353,909	—	—	1,353,909
Excess (deficiency) of revenue over (under) expenditures	918,904	2,506,620	1,933,838	5,359,362
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	—	—	—
Transfers (out)	(834,308)	(2,506,620)	(1,933,838)	(5,274,766)
Total other financing sources (uses)	(834,308)	(2,506,620)	(1,933,838)	(5,274,766)
<b>Net change in fund balances</b>	<b>84,596</b>	<b>—</b>	<b>—</b>	<b>84,596</b>
Fund balances, beginning of year	6,032	—	—	6,032
Fund balances, end of year	\$ 90,628	\$ —	\$ —	\$ 90,628

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX FUND  
BALANCE SHEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Due from other governments	\$ 663,831	\$ 592,863
Total assets	<u>\$ 663,831</u>	<u>\$ 592,863</u>
 <b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 358,329	\$ 294,084
Due to General Fund	214,874	292,747
Total liabilities	<u>573,203</u>	<u>586,831</u>
 Fund balance:		
Restricted by others	<u>90,628</u>	<u>6,032</u>
Total liabilities and fund balance	<u>\$ 663,831</u>	<u>\$ 592,863</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, 2011  
 (With comparative actual amounts for June 30, 2010)

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 200	\$ 244	\$ (44)	\$ 172
Restricted intergovernmental:				
State A-tax revenue	2,132,750	2,272,569	(139,819)	2,115,477
Total revenue	<u>2,132,950</u>	<u>2,272,813</u>	<u>(139,863)</u>	<u>2,115,649</u>
<b>Expenditures</b>				
Parks and recreation:				
Water quality monitoring	17,240	28,554	(11,314)	15,009
30% advertising allocation	673,500	717,653	(44,153)	668,045
North Myrtle Beach Chamber	599,173	599,173	—	342,653
North Myrtle Beach Rescue Squad	—	—	—	17,910
Services to other agencies	8,529	8,529	—	11,863
Total expenditures	<u>1,298,442</u>	<u>1,353,909</u>	<u>(55,467)</u>	<u>1,055,480</u>
Excess of revenue over expenditures	<u>834,508</u>	<u>918,904</u>	<u>84,396</u>	<u>1,060,169</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(542,407)	(542,407)	—	(773,427)
Street Improvement Fund	(19,656)	(19,656)	—	—
Beach Renourishment Fund	(14,838)	(14,838)	—	(13,856)
Solid Waste Fund	(149,257)	(149,257)	—	(237,564)
Aquatics Fund	(8,150)	(8,150)	—	(5,033)
Beach Services Fund	(100,000)	(100,000)	—	—
Total other financing sources (uses)	<u>(834,308)</u>	<u>(834,308)</u>	<u>—</u>	<u>(1,029,880)</u>
<b>Net change in fund balance</b>	<b>200</b>	<b>84,596</b>	<b>84,396</b>	<b>30,289</b>
Fund balance, beginning of year	6,032	6,032	—	(24,257)
Fund balance, end of year	<u>\$ 6,232</u>	<u>\$ 90,628</u>	<u>\$ 84,396</u>	<u>\$ 6,032</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX FUND  
BALANCE SHEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 49	\$ 99
Receivables	<u>411,137</u>	<u>408,021</u>
Total assets	<u>\$ 411,186</u>	<u>\$ 408,120</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 49	\$ 99
Due to General Fund	274,360	408,021
Due to Beach Services Fund	<u>136,777</u>	<u>—</u>
Total liabilities	<u>411,186</u>	<u>408,120</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 411,186</u>	<u>\$ 408,120</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, 2011  
 (With comparative actual amounts for June 30, 2010)

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Local A-tax revenue	\$ 2,080,000	\$ 2,366,455	\$ (286,455)	\$ 2,131,853
OTC Settlement	—	130,863	(130,863)	—
Penalties	5,000	9,302	(4,302)	4,433
Total revenue	<u>2,085,000</u>	<u>2,506,620</u>	<u>(421,620)</u>	<u>2,136,286</u>
Excess of revenue over expenditures	<u>2,085,000</u>	<u>2,506,620</u>	<u>—</u>	<u>2,136,286</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(1,385,000)	(1,674,180)	289,180	(1,425,668)
Beach Services Fund	(61,581)	(194,024)	132,443	—
Aquatic Fund	(638,419)	(638,416)	3	(710,618)
Total other financing sources (uses)	<u>(2,085,000)</u>	<u>(2,506,620)</u>	<u>421,620</u>	<u>(2,136,286)</u>
<b>Net change in fund balance</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1.0%) FEES  
BALANCE SHEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 27	\$ 53
Receivables	<u>236,685</u>	<u>225,106</u>
Total assets	<u>\$ 236,712</u>	<u>\$ 225,159</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 27	\$ 53
Due to General Fund	<u>236,685</u>	<u>225,106</u>
Total liabilities	<u>236,712</u>	<u>225,159</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 236,712</u>	<u>\$ 225,159</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, 2011

(With comparative actual amounts for June 30, 2010)

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Hospitality fees	\$1,895,000	\$ 1,927,165	\$ (32,165)	\$ 1,833,721
Penalties	5,000	6,673	(1,673)	5,035
Total revenue	<u>1,900,000</u>	<u>1,933,838</u>	<u>(33,838)</u>	<u>1,838,756</u>
Excess of revenue over expenditures	<u>1,900,000</u>	<u>1,933,838</u>	<u>(33,838)</u>	<u>1,838,756</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	<u>(1,900,000)</u>	<u>(1,933,838)</u>	<u>(33,838)</u>	<u>(1,838,756)</u>
Total other financing sources (uses)	<u>(1,900,000)</u>	<u>(1,933,838)</u>	<u>(33,838)</u>	<u>(1,838,756)</u>
<b>Net change in fund balance</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH

## 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, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Total assets	\$ —	\$ —
<b>Liabilities and Fund Balance</b>		
Fund Balance:		
Unassigned	\$ —	\$ —
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, 2011

(With comparative actual amounts for June 30, 2010)

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —		\$ —	\$ —
Total revenue	—		—	—
<b>Expenditures</b>				
Debt Service:				
Principal		1,065,836	—	1,026,462
Interest		74,164	—	113,538
Total expenditures		1,140,000	—	1,140,000
Excess (deficiency) of revenue over (under) expenditures		(1,140,000)	—	(1,140,000)
<b>Other Financing Sources (Uses)</b>				
Transfers in – Stormwater Special Revenue Fund		1,140,000	—	1,140,000
Total other financing sources (uses)		1,140,000	—	1,140,000
<b>Net change in fund balance</b>	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH

## CAPITAL PROJECTS FUNDS

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

<b>Capital Improvement Fund:</b>	To account for financial resources to be used for general capital asset acquisitions and replacements, plus park improvements and parking.
<b>Street Improvement Fund:</b>	To account for financial resources to be used for paving unpaved streets in the City.
<b>Beach Renourishment Fund:</b>	To account for financial resources to be used for renourishing the beach.
<b>Park Development Fund:</b>	To account for financial resources to be used for parks land acquisition and development.
<b>Stormwater Fund:</b>	To account for revenues and expenditures associated with the City's Stormwater management program.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	Non-Major Funds			Totals	Major Funds	
	Capital Improvement	Beach Renourishment	Street Improvement		Park Development	Stormwater
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ 927,654	\$ 8,829	\$ 2,015,460	\$ 2,951,943	\$ —	\$ 4,541,503
Receivables, net	—	—	24,247	24,247	—	51,282
Due from other governments	—	—	168,065	168,065	—	647,478
<b>Total assets</b>	<b>\$ 927,654</b>	<b>\$ 8,829</b>	<b>\$ 2,207,772</b>	<b>\$ 3,144,255</b>	<b>\$ —</b>	<b>\$ 5,240,263</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 664	\$ 7,289	\$ 144,129	\$ 152,082	\$ 33,615	\$ 2,968
Due to other funds	—	—	—	—	2,252,251	—
<b>Total liabilities</b>	<b>664</b>	<b>7,289</b>	<b>144,129</b>	<b>152,082</b>	<b>2,285,866</b>	<b>2,968</b>
<b>Fund balances:</b>						
Non-spendable	—	—	—	—	—	95,000
Restricted by others	773,062	—	—	773,062	—	3,000,000
Committed by ordinance	—	—	—	—	—	2,142,295
Assigned by management	153,928	1,540	2,063,643	2,219,111	—	—
Unassigned (deficit)	—	—	—	—	(2,285,866)	—
<b>Total fund balances</b>	<b>926,990</b>	<b>1,540</b>	<b>2,063,643</b>	<b>2,992,173</b>	<b>(2,285,866)</b>	<b>5,237,295</b>
<b>Total liabilities and fund balances</b>	<b>\$ 927,654</b>	<b>\$ 8,829</b>	<b>\$ 2,207,772</b>	<b>\$ 3,144,255</b>	<b>\$ —</b>	<b>\$ 5,240,263</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2011

	Non-Major Funds			Totals	Major Funds	
	Capital Improvement	Beach Renourishment	Street Improvement		Park Development	Stormwater
<b>Revenue</b>						
Use of money and property	\$ 88,414	\$ 51	\$ 1,637	\$ 90,102	\$ 1,975	\$ 9,353
Restricted						
intergovernmental	—	—	2,919,065	2,919,065	—	—
Sales and service charges	240	—	—	240	—	1,997,341
Miscellaneous	—	—	—	—	120	—
Total revenue	<u>88,654</u>	<u>51</u>	<u>2,920,702</u>	<u>3,009,407</u>	<u>2,095</u>	<u>2,006,694</u>
<b>Expenditures</b>						
Current:						
Finance	—	—	—	—	—	44,160
Public safety	660,415	—	—	660,415	—	—
Public works	182,124	36,278	2,202,946	2,421,348	—	257,990
Parks and recreation	1,353,128	—	—	1,353,128	3,722,273	—
Total expenditures	<u>2,195,667</u>	<u>36,278</u>	<u>2,202,946</u>	<u>4,434,891</u>	<u>3,722,273</u>	<u>302,150</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,107,013)</u>	<u>(36,227)</u>	<u>717,756</u>	<u>(1,425,484)</u>	<u>(3,720,178)</u>	<u>1,704,544</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	2,005,352	14,838	619,656	2,639,846	—	—
Transfers (out)	—	—	—	—	—	(1,140,000)
Total other financing sources (uses)	<u>2,005,352</u>	<u>14,838</u>	<u>619,656</u>	<u>2,639,846</u>	<u>—</u>	<u>(1,140,000)</u>
<b>Net change in fund balances</b>	<b>(101,661)</b>	<b>(21,389)</b>	<b>1,337,412</b>	<b>1,214,362</b>	<b>(3,720,178)</b>	<b>564,544</b>
Fund balances, beginning of year	<u>1,028,651</u>	<u>22,929</u>	<u>726,231</u>	<u>1,777,811</u>	<u>1,434,312</u>	<u>4,672,751</u>
Fund balances, end of year	<u>\$ 926,990</u>	<u>\$ 1,540</u>	<u>\$ 2,063,643</u>	<u>\$ 2,992,173</u>	<u>\$ (2,285,866)</u>	<u>\$ 5,237,295</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT FUND  
BALANCE SEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 927,654	\$ 1,043,842
Total assets	<u>\$ 927,654</u>	<u>\$ 1,043,842</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 664	\$ 15,191
Total liabilities	<u>664</u>	<u>15,191</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	773,062	773,062
Committed by ordinance	—	255,589
Assigned by management	153,928	—
Unassigned	—	—
Total fund balance	<u>926,990</u>	<u>1,028,651</u>
Total liabilities and fund balance	<u>\$ 927,654</u>	<u>\$ 1,043,842</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, 2011

(With comparative actual amounts for June 30, 2010)

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 2,000	\$ 910	\$ (1,090)	\$ 1,545
Surplus sales	30,000	87,504	57,504	14,877
Sales and services:				
Development fees	—	240	240	120
<b>Total revenue</b>	<u>32,000</u>	<u>88,654</u>	<u>56,654</u>	<u>16,542</u>
<b>Expenditures</b>				
General government administration:				
Library site development	—	—	—	504,400
Public safety:				
Fire trucks	650,000	660,415	(10,415)	—
Public works:				
Cherry Gove dredging	95,000	182,124	(87,124)	62,768
Parks and recreation:				
Central Park Renovations	1,355,352	1,353,128	2,224	—
Recreation/Community Center	—	—	—	232,754
<b>Total expenditures</b>	<u>2,100,352</u>	<u>2,195,667</u>	<u>(95,315)</u>	<u>799,922</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,068,352)</u>	<u>(2,107,013)</u>	<u>(38,661)</u>	<u>(783,380)</u>
<b>Transfers and Other Financing Sources (Uses)</b>				
Transfers in – General Fund	2,005,352	2,005,352	—	1,500,000
Transfer (out) – General Fund	—	—	—	(24,822)
<b>Total other financing sources (uses)</b>	<u>2,005,352</u>	<u>2,005,352</u>	<u>—</u>	<u>1,475,178</u>
<b>Net change in fund balance</b>	<b>(63,000)</b>	<b>(101,661)</b>	<b>(38,661)</b>	<b>691,798</b>
Fund balance, beginning of year	<u>1,028,651</u>	<u>1,028,651</u>	<u>—</u>	<u>336,853</u>
Fund balance, end of year	<u>\$ 965,651</u>	<u>\$ 926,990</u>	<u>\$ (38,661)</u>	<u>\$ 1,028,651</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT FUND  
BALANCE SHEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 2,015,460	\$ 477,704
Receivables, net	24,247	—
Due from other governments	168,065	391,785
Total assets	<u>\$ 2,207,772</u>	<u>\$ 869,489</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 144,129	\$ 143,258
Total liabilities	<u>144,129</u>	<u>143,258</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	92,344
Assigned by management	2,063,643	633,887
Unassigned	—	—
Total fund balance	<u>2,063,643</u>	<u>726,231</u>
Total liabilities and fund balance	<u>\$ 2,207,772</u>	<u>\$ 869,489</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, 2011

(With comparative actual amounts for June 30, 2010)

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 15,000	\$ 1,637	\$ (13,363)	\$ 8,102
Restricted intergovernmental:				
Horry County Road Fee	350,000	364,599	14,599	358,169
SCDOT road grants	1,010,000	—	(1,010,000)	1,223,283
Santee Cooper grants	1,375,000	2,459,466	1,084,466	224,578
Miscellaneous	—	95,000	95,000	2,865
Total revenue	<u>2,750,000</u>	<u>2,920,702</u>	<u>(170,702)</u>	<u>1,816,997</u>
<b>Expenditures</b>				
Public works:				
Capital outlay –				
6 <sup>th</sup> Ave intersection improvement	510,000	86,512	423,487	116,606
3 <sup>rd</sup> – 7 <sup>th</sup> Ave underground utilities	700,000	1,542,427	(842,427)	208,873
Barefoot Bridge painting	600,000	134,145	465,855	—
Roads – parkway	—	—	—	2,276,958
48 <sup>th</sup> Ave underground utilities	700,000	3,250	696,750	1,856
Resurfacing – roads	150,000	—	150,000	344,785
Beach access improvements	80,000	—	80,000	59,567
Sidewalks	300,000	—	300,000	—
Underground utilities	100,000	436,487	(336,487)	961,150
Verizon underground utilities	—	—	—	34,227
Intersection improvements	650,000	125	649,875	224,952
Operations and maintenance	—	—	—	21,170
Total expenditures	<u>3,790,000</u>	<u>2,202,946</u>	<u>1,587,053</u>	<u>4,250,144</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,040,000)</u>	<u>717,756</u>	<u>1,757,756</u>	<u>(2,433,147)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	600,000	600,000	—	650,000
Transfers in – Accommodation (2%) Tax Fund	19,656	19,656	—	94,386
Total other financing sources (uses)	<u>619,656</u>	<u>619,656</u>	<u>—</u>	<u>744,386</u>
<b>Net change in fund balance</b>	<b>(420,344)</b>	<b>1,337,412</b>	<b>1,757,756</b>	<b>(1,688,761)</b>
Fund balance, beginning of year	<u>726,231</u>	<u>726,231</u>	<u>—</u>	<u>2,414,992</u>
Fund balance, end of year	<u>\$ 305,887</u>	<u>\$ 2,063,643</u>	<u>\$ 1,757,756</u>	<u>\$ 726,231</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT FUND  
BALANCE SHEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 8,829	\$ 26,546
Total assets	<u>\$ 8,829</u>	<u>\$ 26,546</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 7,289	\$ 3,617
Total liabilities	<u>7,289</u>	<u>3,617</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	1,540	22,929
Unassigned	—	—
Total fund balance	<u>1,540</u>	<u>22,929</u>
Total liabilities and fund balance	<u>\$ 8,829</u>	<u>\$ 26,546</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, 2011

(With comparative actual amounts for June 30, 2010)

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 5,000	\$ 51	\$ (4,949)	\$ 135
Total revenue	<u>5,000</u>	<u>51</u>	<u>(4,949)</u>	<u>135</u>
<b>Expenditures</b>				
Public works:				
Materials and supplies	50,000	36,278	13,722	8,065
Professional services	—	—	—	17,563
Total expenditures	<u>50,000</u>	<u>36,278</u>	<u>13,722</u>	<u>25,628</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(45,000)</u>	<u>(36,227)</u>	<u>8,773</u>	<u>(25,493)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in – Accommodations (2% )Tax Fund	14,838	14,838	—	13,856
Total other financing sources	<u>14,838</u>	<u>14,838</u>	<u>—</u>	<u>13,856</u>
<b>Net change in fund balance</b>	<b>(30,162)</b>	<b>(21,389)</b>	<b>8,773</b>	<b>(11,637)</b>
Fund balance, beginning of year	<u>22,929</u>	<u>22,929</u>	<u>—</u>	<u>34,566</u>
Fund balance, end of year	<u>\$ (7,233)</u>	<u>\$ 1,540</u>	<u>\$ 8,773</u>	<u>\$ 22,929</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT FUND  
BALANCE SHEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ 1,434,312
Total assets	<u>\$ —</u>	<u>\$ 1,434,312</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Account payable	\$ 33,615	\$ —
Due to General Fund	2,252,251	—
Total liabilities	<u>2,285,866</u>	<u>—</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	—	1,434,312
Unassigned (deficit)	(2,285,866)	—
Total fund balance	<u>(2,285,866)</u>	<u>1,434,312</u>
Total liabilities and fund balance	<u>\$ —</u>	<u>\$ 1,434,312</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT FUND

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

YEAR ENDED JUNE 30, 2011

(With comparative actual amounts for June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 20,000	\$ 1,975	\$ 18,025	\$ 7,843
Miscellaneous:				
Contributions	—	120	(120)	125
Total revenue	<u>20,000</u>	<u>2,095</u>	<u>17,905</u>	<u>7,968</u>
<b>Expenditures</b>				
Parks and recreation:				
Land acquisition	2,850,000	3,087,676	(237,676)	—
Park development	480,000	634,597	(154,597)	343,179
Total expenditures	<u>3,330,000</u>	<u>3,722,273</u>	<u>(392,273)</u>	<u>343,179</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,310,000)</u>	<u>(3,720,178)</u>	<u>(410,178)</u>	<u>(335,211)</u>
<b>Net change in fund balance</b>	<b>(3,310,000)</b>	<b>(3,720,178)</b>	<b>(410,178)</b>	<b>(335,211)</b>
Fund balance, beginning of year	<u>1,434,312</u>	<u>1,434,312</u>	<u>—</u>	<u>1,769,523</u>
Fund balance, end of year	<u>\$ (1,875,688)</u>	<u>\$ (2,285,866)</u>	<u>\$ (410,178)</u>	<u>\$ 1,434,312</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER FUND  
BALANCE SHEET

YEAR ENDED JUNE 30, 2011  
(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 4,541,503	\$ 3,185,397
Receivable, net	51,282	66,030
Due from Beach Service Fund	537,130	1,454,224
Due from Aquatic Fund	15,348	—
Prepaid items	95,000	—
Total assets	<u>\$ 5,240,263</u>	<u>\$ 4,705,651</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 2,968	\$ 32,900
Total liabilities	<u>2,968</u>	<u>32,900</u>
Fund balance:		
Non-spendable	95,000	—
Restricted by others	3,000,000	3,000,000
Committed by ordinance	2,142,295	1,672,751
Assigned by management	—	—
Unassigned	—	—
Total fund balance	<u>5,237,295</u>	<u>4,672,751</u>
Total liabilities and fund balance	<u>\$ 5,240,263</u>	<u>\$ 4,705,651</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER FUND

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

YEAR ENDED JUNE 30, 2011

(With comparative actual amounts for June 30, 2010)

	<b>2011</b>		<b>Variance</b>	<b>2010</b>
	<b>Budget</b>	<b>Actual</b>	<b>Positive</b>	<b>Actual</b>
			<b>(Neg.)</b>	
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 30,000	\$ 9,353	\$ 20,647	\$ 22,246
Sales and service charges:				
Storm water drainage fees	1,975,000	1,988,024	(13,024)	1,972,931
Penalties	10,000	9,596	404	10,372
Less, adjustments/bad debts	—	(279)	279	—
Total revenue	<u>2,015,000</u>	<u>2,006,694</u>	<u>(8,306)</u>	<u>2,005,549</u>
<b>Expenditures</b>				
Finance:				
Overhead allocation –				
Accounting	14,032	13,455	577	—
Utility billing	28,702	30,705	(2,003)	—
Public works:				
Administration-overhead allocation	43,941	42,513	1,428	—
Streets/drainage	111,807	105,759	6,048	—
Beach water quality monitoring	—	12,000	(12,000)	—
Capital outlay:				
Main Street drainage	200,000	19,213	180,787	171,566
18 <sup>th</sup> Street drainage	200,000	26,218	173,782	248,570
Drainage/Ocean out-fall	—	1,391	(1,391)	—
Hillside drainage basin	1,400,000	50,896	1,349,103	11,580
Total expenditures	<u>1,998,482</u>	<u>302,150</u>	<u>1,696,332</u>	<u>431,716</u>
Excess (deficiency) of revenue over (under) expenditures	<u>16,518</u>	<u>1,704,544</u>	<u>1,688,026</u>	<u>1,573,833</u>
<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)	<u>(1,140,000)</u>	<u>(1,140,000)</u>	<u>—</u>	<u>(1,140,000)</u>
<b>Net change in fund balance</b>	<b>(1,123,482)</b>	<b>564,544</b>	<b>1,688,026</b>	<b>433,833</b>
Fund balance, beginning of year	4,672,751	4,672,751	—	4,238,918
Fund balance, end of year	<u>\$3,549,269</u>	<u>\$ 5,237,295</u>	<u>\$ 1,688,026</u>	<u>\$ 4,672,751</u>

CITY OF NORTH MYRTLE BEACH

## ENTERPRISE FUNDS

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

- Water and Sewer Utility:** To account for all financial resources associated with supplying water and providing sewage services to domestic, business, and industrial customers within the North Myrtle Beach area.
- Solid Waste:** To account for all revenues and expenses related to the City's solid waste activities.
- Aquatic Center:** To account for all revenues and expenses related to the operating of the City's aquatic center.
- Beach Service:** To account for all revenues and expenses related to the operating of the City's beach service activities.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
BALANCE SHEET

JUNE 30, 2011  
(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
<b>Assets</b>			<b>Liabilities and Net Assets</b>		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 6,583,517	\$ 4,918,724	Accounts payable-trade	\$ 676,785	\$ 420,267
Equity in pooled cash and cash equivalents	2,404,715	3,145,324	Accrued payroll and related taxes	84,040	81,683
Accounts receivable, net	1,635,098	1,604,269	Contracts payable-current portion	856,667	810,000
Deposits held by others	—	5,041	Accrued interest payable	163,160	—
Inventories	447,792	356,220		<u>1,780,652</u>	<u>1,311,950</u>
Due from other governments	271,817	323,634			
Due from Solid Waste Fund	239,858	—			
	<u>11,582,797</u>	<u>10,353,212</u>			
Restricted assets:			Current liabilities payable from restricted assets:		
Cash and cash equivalents:			Meter deposits and other	1,907,756	1,886,105
Bond and interest redemption and cushion funds	288	288	Deferred tap and impact fees	—	136,633
Customer meter deposits	1,907,756	1,886,105	Total current liabilities payable from restricted assets	<u>1,907,756</u>	<u>2,022,738</u>
Impact fees	3,249,867	5,764,743	Total current liabilities	<u>3,896,644</u>	<u>3,527,418</u>
Equity in pooled cash and cash equivalents:					
Impact fees	1,154,555	1,154,555			
Deposits with the GSWSA	280,000	280,000			
Total restricted assets	<u>6,592,466</u>	<u>9,085,691</u>			
Total current assets	<u>18,175,263</u>	<u>19,438,903</u>			
Capital assets:			Long-term liabilities:		
Land	484,405	484,405	Accrued compensated absences	208,236	192,730
Buildings	668,218	668,218	Other post-employment benefits (OPEB)	466,608	349,899
Water and sewer systems	97,161,298	94,305,026	Contracts payable	8,253,333	9,110,000
Automotive equipment	1,122,064	1,034,481	Total long-term liabilities	<u>8,928,177</u>	<u>9,652,629</u>
Maintenance equipment	2,275,310	2,209,106	Total liabilities	<u>12,616,585</u>	<u>12,987,317</u>
Office equipment	1,646,110	1,640,147			
Construction in progress	2,631,976	2,171,698			
	<u>105,989,381</u>	<u>102,513,081</u>			
Less, accumulated depreciation	<u>(34,853,391)</u>	<u>(32,815,598)</u>			
Net capital assets	<u>71,135,990</u>	<u>69,697,483</u>			
Deferred charges:			Net Assets:		
Cost of purchased water/sewer rights	28,563,880	28,563,880	Invested in capital assets, net of related debt	71,135,990	69,697,493
Less, accumulated amortizations	<u>(14,678,643)</u>	<u>(13,799,471)</u>	Restricted debt service, capacity and deposits	4,684,710	7,199,586
Net deferred charges	<u>13,885,237</u>	<u>14,764,409</u>	Unrestricted	14,759,205	14,016,399
Total assets	<u>\$ 103,196,490</u>	<u>\$ 103,900,795</u>	Total net assets	<u>90,579,905</u>	<u>90,913,478</u>
			Total liabilities and net assets	<u>\$ 103,196,490</u>	<u>\$ 103,900,795</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, 2011  
(With comparative actual amounts for June 30, 2010)

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Water usage fees	\$ 6,850,000	\$ 6,820,380	\$ 29,620	\$ 6,324,892
Sewer usage fees	4,575,000	4,553,069	21,931	4,217,178
Water taps	50,000	48,873	1,127	52,700
Sewer taps	20,000	26,335	(6,335)	20,854
Late payment penalties and service charges	140,000	134,195	5,805	135,521
Miscellaneous	2,500	24,225	(21,725)	14,848
<b>Total operating revenue</b>	<b>11,637,500</b>	<b>11,607,077</b>	<b>(30,423)</b>	<b>10,765,993</b>
<b>Operating Expenses</b>				
<b>General Government Administration</b>				
Overhead allocation -				
General services	522,203	507,470	14,733	520,439
Legislative	83,942	101,958	(18,016)	92,326
Administrative	136,417	117,018	19,399	107,048
Legal	128,099	224,067	(95,968)	151,661
Personnel	154,201	149,961	4,240	136,106
Total general government administration	1,024,862	1,100,474	(75,612)	1,007,580
<b>Finance</b>				
Overhead allocation -				
Accounting	210,477	201,822	8,655	192,328
Utility billing:				
Personal services	442,040	464,103	(22,063)	451,071
Operating expenses	132,000	149,995	(17,995)	127,833
Less overhead allocation	(86,106)	(92,115)	6,009	(55,146)
Total finance	698,411	723,805	(25,394)	716,086
<b>Information Services</b>				
Overhead allocation	247,274	255,592	(8,318)	223,488
<b>Public Safety</b>				
Overhead allocation -				
Communications	59,941	56,528	3,413	55,995

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

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

— CONTINUED —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Planning/Development</b>				
Overhead allocation - Code enforcement	37,133	34,647	2,486	35,105
<b>Public Works</b>				
Administrative:				
Personal services	785,919	788,147	(2,228)	773,717
Operating expenses	92,900	62,118	30,782	53,159
Overhead allocation	(175,764)	(170,053)	(5,711)	(119,400)
	703,055	680,212	22,843	707,476
Wastewater treatment:				
Personal services	442,314	449,964	(7,650)	432,552
Operating expenses	1,722,600	931,273	791,327	876,949
	2,164,914	1,381,237	783,677	1,309,501
Wells/lifts maintenance:				
Personal services	602,285	624,359	(22,074)	615,696
Operating expenses	804,100	734,130	69,970	850,730
	1,406,385	1,358,489	47,896	1,466,426
Construction/maintenance:				
Personal services	1,131,150	1,179,956	(48,806)	1,183,969
Operating expenses	1,864,900	2,753,994	(889,094)	2,425,041
	2,996,050	3,933,950	(937,900)	3,609,010
Streets/drainage:				
Overhead allocation	111,807	105,759	6,048	207,027
<b>Total public works</b>	7,382,211	7,459,647	(77,436)	7,299,440
<b>Support Services</b>				
Overhead allocation -				
Purchasing	232,387	203,108	29,279	195,945
Fleet management	75,307	70,770	4,537	68,245
Custodial	123,009	195,767	(72,758)	135,089
<b>Total support services</b>	430,703	469,645	(38,942)	399,279
Depreciation and amortization expense	2,621,000	2,972,532	(351,532)	2,959,125
<b>Total operating expenses</b>	<b>12,501,535</b>	<b>13,072,870</b>	<b>(571,335)</b>	<b>12,695,349</b>
Operating income (loss)	(864,035)	(1,465,793)	(601,758)	(1,904,651)

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 —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	300,000	140,516	159,484	144,358
Interest expense	(526,450)	(526,450)	—	(568,787)
Bond agent fees	(2,000)	—	2,000	—
Restricted intergovernmental:				
State/C-Funds/FEMA	—	1,132	1,132	53,000
Tower rental and other	185,000	216,435	31,435	196,295
Total non-operating revenue (expenses)	<u>(43,450)</u>	<u>(168,367)</u>	<u>(124,917)</u>	<u>(175,134)</u>
<b>Capital Contributions</b>				
Impact fees:				
Water	500,000	677,798	177,798	569,811
Sewer	300,000	533,291	233,291	457,580
Developer contributions	—	45,647	45,647	4,202
Construction for public use	80,000	43,851	(36,149)	24,705
Total capital contributions	<u>880,000</u>	<u>1,300,587</u>	<u>420,587</u>	<u>1,056,298</u>
<b>Change in net assets</b>	<b>(27,485)</b>	<b>(333,573)</b>	<b>(306,088)</b>	<b>(1,048,192)</b>
Net assets, beginning of year	90,913,478	90,913,478	—	91,961,670
Net assets, end of year	<u>\$ 90,885,993</u>	<u>\$ 90,579,905</u>	<u>\$ (306,088)</u>	<u>\$90,913,478</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE  
BALANCE SHEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets:		
Deposits held by others	\$ —	\$ 2,669
Accounts receivable, net	114,934	130,977
Total current assets	<u>114,934</u>	<u>133,646</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	32,262	32,262
Vehicles and equipment	5,474,423	5,348,786
	<u>5,819,885</u>	<u>5,694,248</u>
Less, accumulated depreciation	(4,017,822)	(3,903,103)
Net capital assets	<u>1,802,063</u>	<u>1,791,145</u>
Total assets	<u>\$ 1,916,997</u>	<u>\$ 1,924,791</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 60,970	\$ 60,807
Accrued payroll and related taxes	46,724	43,630
Due to General Fund	—	793,207
Due to Water and Sewer Utility Fund	239,858	—
Total current liabilities	<u>347,552</u>	<u>897,644</u>
Long-term liabilities:		
Accrued compensated absences	119,643	113,522
Other post employment benefits (OPEB)	247,027	185,241
Total long-term liabilities	<u>366,670</u>	<u>298,763</u>
Total liabilities	<u>714,222</u>	<u>1,196,407</u>
Net assets:		
Investment in capital assets	1,802,063	1,791,145
Unrestricted (deficit)	(599,288)	(1,062,761)
Total net assets	<u>1,202,775</u>	<u>728,384</u>
Total liabilities and net assets	<u>\$ 1,916,997</u>	<u>\$ 1,924,791</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, 2011  
(With comparative actual amounts for June 30, 2010)

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Solid waste user fees and penalties	\$ 4,020,000	\$ 3,988,780	\$ (31,220)	\$ 3,721,010
Trash bags	12,000	7,986	(4,014)	10,944
<b>Total operating revenue</b>	<b>4,032,000</b>	<b>3,996,766</b>	<b>(35,234)</b>	<b>3,731,954</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation -				
General services	89,521	86,995	2,526	89,218
Legislative	12,591	15,294	(2,703)	13,849
Administration	20,463	17,553	2,910	16,057
Legal	19,215	33,610	(14,395)	22,749
Personnel	61,680	59,984	1,696	54,442
<b>Total general government administration</b>	<b>203,470</b>	<b>213,436</b>	<b>(9,966)</b>	<b>196,315</b>
<b>Finance</b>				
Overhead allocation -				
Accounting	42,096	40,364	1,731	38,466
Utility billings	57,404	61,410	(4,006)	55,146
<b>Total finance</b>	<b>99,500</b>	<b>101,774</b>	<b>(2,275)</b>	<b>93,612</b>
<b>Information Services</b>				
Overhead allocation	49,455	51,118	(1,663)	44,698
<b>Public works</b>				
Administration - overhead allocation	131,823	127,540	4,283	119,400
Commercial collection:				
Personal services	271,525	266,395	5,130	268,660
Operating	133,500	116,027	17,473	130,677
	405,025	382,422	22,603	399,337
Transfer station:				
Personal services	185,394	191,790	(6,396)	187,333
Operating	552,000	563,050	(11,050)	487,574
	737,394	754,840	(17,446)	674,907
Residential collection:				
Personal services	692,674	647,926	44,748	640,003
Operating	198,000	154,031	43,969	201,943
	890,674	801,957	88,717	841,946

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

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

— CONTINUED —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public works (Continued)</b>				
Trash/litter collections:				
Personal services	198,599	186,221	12,378	188,800
Operating	48,750	55,627	(6,877)	47,217
	<u>247,349</u>	<u>241,848</u>	<u>5,501</u>	<u>236,017</u>
Beach cleaning:				
Personal services	161,901	148,152	13,749	149,541
Operating	48,500	57,667	(9,167)	56,695
	<u>210,401</u>	<u>205,819</u>	<u>4,582</u>	<u>206,236</u>
Recycling:				
Personal services	220,067	210,877	9,190	217,315
Operating	62,500	46,595	15,905	55,650
	<u>282,567</u>	<u>257,472</u>	<u>25,095</u>	<u>272,965</u>
Total public works	<u>2,905,233</u>	<u>2,771,898</u>	<u>133,335</u>	<u>2,750,808</u>
<b>Support services</b>				
Overhead allocation -				
Purchasing	18,226	15,930	2,296	15,368
Fleet management	94,113	88,463	5,670	85,307
Custodial	19,682	31,323	(11,641)	16,374
Total support services	<u>132,021</u>	<u>135,716</u>	<u>(3,675)</u>	<u>117,049</u>
Depreciation and amortization	380,000	397,691	(17,691)	377,880
<b>Total operating expenses</b>	<b><u>3,769,679</u></b>	<b><u>3,671,633</u></b>	<b><u>98,065</u></b>	<b><u>3,580,362</u></b>
Operating income (loss)	<u>411,578</u>	<u>325,133</u>	<u>(62,831)</u>	<u>151,592</u>
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	—	1	1	—
Restricted governmental:				
Grant - SCDHEC	25,000	—	(25,000)	—
Total non-operating revenue (expenses)	<u>25,000</u>	<u>—</u>	<u>(24,999)</u>	<u>—</u>
<b>Transfers</b>				
Transfer in - Accommodations (2%) Tax Fund	149,257	149,257	—	237,564
<b>Change in net assets</b>	<b>(103,442)</b>	<b>474,391</b>	<b>577,833</b>	<b>389,156</b>
Net assets, beginning of year	728,384	728,384	—	339,228
Net assets, end of year	<u>\$ 624,942</u>	<u>\$ 1,202,775</u>	<u>\$ 577,833</u>	<u>\$ 728,384</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER  
BALANCE SHEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 400
Deposits held by others	—	1,087
Accounts receivable	8,533	19,852
Due from Beach Services Fund	1,240	—
Due from Local Accommodations (1.5%) Tax Fund	—	135,863
Inventory	—	795
Total current assets	<u>10,173</u>	<u>157,997</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	1,439	1,439
Furniture and equipment	716,752	721,544
	<u>10,419,069</u>	<u>10,423,861</u>
Less, accumulated depreciation	(1,869,481)	(1,654,427)
Net capital assets	<u>8,549,588</u>	<u>8,769,434</u>
Deferred charges:		
Debt issuance costs	68,720	68,721
Less, accumulated amortization	(25,770)	(22,334)
Total deferred charges	<u>42,950</u>	<u>46,387</u>
Total assets	<u>\$ 8,602,711</u>	<u>\$ 8,973,818</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 84,839	\$ 36,417
Accrued payroll and related taxes	26,536	24,344
Due to General Fund	—	219,990
Due to Storm Water Fund	15,348	—
Accrued interest payable	38,211	172,331
Current portion of note obligation	489,326	363,744
Deferred revenue	259,464	246,039
Total current liabilities	<u>913,724</u>	<u>1,062,865</u>
Long-term liabilities:		
Accrued compensated absences	28,280	20,551
Note obligation	5,846,327	6,335,653
Other post employment benefits (OPEB)	96,064	75,469
Total long-term liabilities	<u>5,970,671</u>	<u>6,431,673</u>
Total liabilities	<u>6,884,395</u>	<u>7,494,538</u>
Net assets:		
Invested in capital assets, net of related debt	2,213,935	2,070,037
Unrestricted (deficit)	(495,619)	(590,757)
Total net assets	<u>1,718,316</u>	<u>1,479,280</u>
Total liabilities and net assets	<u>\$ 8,602,711</u>	<u>\$ 8,973,818</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, 2011

(With comparative actual amounts for June 30, 2010)

	2011		Variance	2010
	Budget	Actual	Positive (Neg.)	Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Membership fees	\$ 1,190,000	\$ 1,228,031	\$ (38,031)	\$ 1,147,112
Day membership fees	55,000	49,975	5,025	51,925
Employee membership fees	120,000	125,133	(5,133)	125,797
Enrollment fees	40,000	52,511	(12,511)	46,617
Program fees	230,000	245,162	(15,162)	206,533
Merchandise sales	12,500	4,999	7,501	3,860
Food sales	27,500	29,162	(1,662)	35,169
Miscellaneous	1,000	2,070	(1,070)	1,838
<b>Total operating revenue</b>	<b>1,676,000</b>	<b>1,737,043</b>	<b>(61,043)</b>	<b>1,618,851</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation -				
General services	29,840	28,998	842	59,479
Legislative	4,197	5,097	(900)	9,233
Administration	6,821	5,851	970	10,705
Legal	6,405	11,203	(4,798)	15,166
Personnel	30,840	29,992	848	27,221
Total general government administration	78,103	81,141	(3,038)	121,804
<b>Finance</b>				
Overhead allocation	28,064	26,910	1,154	25,644
<b>Information Services</b>				
Overhead allocation	16,485	17,039	(554)	14,899
<b>Parks and Recreation</b>				
Overhead allocation -				
Recreation administration	17,435	16,879	556	—
Aquatic:				
Personnel services	913,045	895,610	17,435	945,364
Operations and maintenance	508,637	524,982	(16,345)	501,013
Total parks and recreation	1,439,117	1,437,471	1,646	1,446,377
<b>Support Services</b>				
Overhead allocation -				
Purchasing	18,226	15,930	2,295	15,368
Custodial	19,682	31,323	(11,641)	—
Total support services	37,908	47,253	(9,346)	15,368
Depreciation and amortization	272,977	293,039	(20,062)	341,065
<b>Total operating expenses</b>	<b>1,872,654</b>	<b>1,902,853</b>	<b>(30,199)</b>	<b>1,965,157</b>

— 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 —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
Operating income (loss)	(196,654)	(165,810)	30,844	(346,306)
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	—	116	116	85
Donations / fundraisers	—	6,250	6,250	—
Non-operating program fees and other	10,000	9,214	(786)	2,584
Gain on sale/disposal capital assets	—	10,800	10,800	—
Amortization of debt issuance costs	—	(3,436)	(3,436)	(3,436)
Restricted intergovernmental:				
DSS grants	—	—	—	69,052
Interest expense	(279,832)	(264,664)	15,168	(280,013)
Total non-operating revenue (expenses)	(269,832)	(241,720)	28,112	(211,728)
<b>Transfers</b>				
Transfers in:				
Accommodations (2%) Tax Fund	8,150	8,150	—	5,033
Local Accommodations (1.5%) Tax Fund	638,419	638,416	(3)	710,618
Total transfers	646,569	646,566	(3)	715,651
<b>Change in net assets</b>	<b>180,083</b>	<b>239,036</b>	<b>58,953</b>	<b>157,617</b>
Net assets, beginning of year	1,479,280	1,479,280	—	1,321,663
Net assets, end of year	\$ 1,659,363	\$ 1,718,316	\$ 58,953	\$ 1,479,280

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE  
BALANCE SHEET

JUNE 30, 2011

(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,714	\$ 7,500
Receivables, net	13,337	10,908
Due from Local Accommodations (1.5%) Fund	136,777	—
Inventories	6,193	1,655
Total current assets	<u>165,021</u>	<u>20,063</u>
Capital assets:		
Buildings	413,148	413,148
Furniture and equipment	1,237,226	1,399,504
	<u>1,650,374</u>	<u>1,812,652</u>
Less, accumulated depreciation	(944,462)	(907,328)
Net capital assets	<u>705,912</u>	<u>905,324</u>
Total assets	<u>\$ 870,933</u>	<u>\$ 925,387</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 62,257	\$ 29,583
Accrued payroll and related taxes	129,472	130,138
Due to General Fund	2,796,070	1,963,232
Due to Stormwater Fund	537,130	1,454,224
Due to Aquatics Fund	1,240	—
Total current liabilities	<u>3,526,169</u>	<u>3,577,177</u>
Net assets:		
Invested in capital assets, net of related debt	705,912	905,324
Unrestricted (deficit)	(3,361,148)	(3,557,114)
Total net assets	<u>(2,655,236)</u>	<u>(2,651,790)</u>
Total liabilities and net assets	<u>\$ 870,933</u>	<u>\$ 925,387</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, 2011  
(With comparative actual amounts for June 30, 2010)

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Beach service rentals	\$ 1,060,000	\$ 1,222,800	\$ 162,800	\$ 1,076,375
Water slide	300,000	116,736	(183,264)	134,831
Food and beverage sales	472,500	401,363	(71,137)	378,541
Sundry items sales	7,500	—	(7,500)	304
Less, sales tax/hospitality fees	(105,000)	(135,988)	(30,988)	(120,521)
Miscellaneous	—	1,490	1,490	412
<b>Total operating revenue</b>	<b>1,735,000</b>	<b>1,606,401</b>	<b>(128,599)</b>	<b>1,469,942</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation -				
General services	29,840	28,998	842	59,479
Legislative	4,197	5,098	(901)	11,541
Administration	6,821	5,851	970	13,381
Legal	6,405	11,203	(4,798)	18,958
Personnel	77,100	74,980	2,120	68,053
Total general government administration	124,363	126,130	(1,767)	171,412
<b>Finance</b>				
Overhead allocation	70,159	67,274	2,885	64,109
<b>Information Services</b>				
Overhead allocation	24,728	25,559	(831)	22,349
<b>Public safety</b>				
Overhead allocation -				
Community service	35,964	33,917	2,047	33,147
Lifeguard services:				
Personnel services	468,086	396,863	71,223	493,216
Operations and maintenance	34,800	40,522	(5,722)	31,257
Total public safety	538,850	471,302	67,548	557,620
<b>Parks and recreation</b>				
Overhead allocation -				
Recreation administration	69,739	67,516	2,223	—
Concessions:				
Personnel services	491,375	525,869	(34,494)	529,742
Operations and maintenance	220,500	233,138	(12,638)	264,102
Total parks and recreation	781,614	826,523	(44,909)	793,844

— 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 —

	2011		Variance Positive (Neg.)	2010
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Overhead allocation -				
Purchasing	4,557	3,983	574	3,842
Fleet	18,827	17,693	1,134	17,061
Custodian	49,204	78,307	(29,103)	—
Total support services	<u>72,588</u>	<u>99,983</u>	<u>(27,395)</u>	<u>20,903</u>
Depreciation and amortization	<u>258,684</u>	<u>270,075</u>	<u>(11,391)</u>	<u>259,409</u>
<b>Total operating expenses</b>	<b><u>1,870,986</u></b>	<b><u>1,886,846</u></b>	<b><u>(15,860)</u></b>	<b><u>1,889,646</u></b>
Operating income (loss)	<u>(135,986)</u>	<u>(280,445)</u>	<u>(144,459)</u>	<u>(419,704)</u>
<b>Non-operating Revenue (Expenses)</b>				
Loss on sale/disposal capital assets	<u>—</u>	<u>(10,336)</u>	<u>(10,336)</u>	<u>—</u>
Total non-operating revenue (expenses)	<u>—</u>	<u>(10,336)</u>	<u>(10,336)</u>	<u>—</u>
<b>Transfers</b>				
Transfers in (out):				
General Fund	<u>—</u>	<u>(6,689)</u>	<u>(6,689)</u>	<u>—</u>
Accommodations (2%) Tax Fund	100,000	100,000	—	—
Local accommodations (1.5%) Tax Fund	<u>61,581</u>	<u>194,024</u>	<u>(132,443)</u>	<u>—</u>
Total transfers	<u>161,581</u>	<u>287,335</u>	<u>(125,754)</u>	<u>—</u>
<b>Change in net assets</b>	<b>25,595</b>	<b>(3,446)</b>	<b>(29,041)</b>	<b>(419,704)</b>
Net assets, beginning of year	<u>(2,651,790)</u>	<u>(2,651,790)</u>	<u>—</u>	<u>(2,232,086)</u>
Net assets, end of year	<u><u>\$ (2,626,195)</u></u>	<u><u>\$ (2,655,236)</u></u>	<u><u>\$ (29,041)</u></u>	<u><u>\$ (2,651,790)</u></u>

## FIDUCIARY FUNDS

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

### **Pension Trust Funds**

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

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

### **Agency Fund**

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

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

JUNE 30, 2011  
(With comparative amounts for June 30, 2010)

	2011	2010
<b>Assets</b>		
Cash and temporary investments	\$ 13,452,826	\$ 11,531,224
Participant loans	759,620	659,438
Total assets	\$ 14,212,446	\$ 12,190,662
<b>Net Assets</b>		
Held in trust for employee's pension benefits	\$ 14,212,446	\$ 12,190,662

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, 2011  
(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Additions</b>		
Employer contributions	\$ 810,038	\$ 779,195
Employee (member) contributions	197,839	195,132
Investment income gain/(loss)	1,842,305	919,777
Non-vested rollover	24,673	—
Total additions	<u>2,874,855</u>	<u>1,894,104</u>
<b>Deductions</b>		
Benefit payments	805,652	527,781
Loan issue costs	—	60,990
Trustee fees	12,358	8,609
Forfeitures	35,061	26,124
Total deductions	<u>853,071</u>	<u>623,504</u>
Change in net assets	2,021,784	1,270,600
<b>Net assets held in trust for employee's pension benefits:</b>		
Beginning of year	<u>12,190,662</u>	<u>10,920,062</u>
End of year	<u>\$ 14,212,446</u>	<u>\$ 12,190,662</u>

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

JUNE 30, 2011  
(With comparative amounts for June 30, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash and temporary investments	\$ 450,472	\$ 362,308
	<u>450,472</u>	<u>362,308</u>
<b>Net Assets</b>		
Held in trust for employee's pension benefits	\$ 450,472	\$ 362,308
	<u>450,472</u>	<u>362,308</u>

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

YEAR ENDED JUNE 30, 2011  
(With comparative amounts for June 30, 2010)

	2011	2010
<b>Additions</b>		
Employer contributions	\$ 10,923	\$ 10,923
Employee (member) contributions	10,923	10,923
Investment income gain/(loss)	66,318	29,640
Total additions	88,164	51,486
<b>Deductions</b>		
Benefit payments	—	14,000
Total deductions	—	14,000
Change in net assets	88,164	37,486
<b>Net assets held in trust for employee's pension benefits:</b>		
Beginning of year	362,308	324,822
End of year	\$ 450,472	\$ 362,308

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 AGENCY FUND  
 FIREMEN'S FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2011

	<b>Beginning Balance 6/30/10</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance 6/30/11</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 17,071	\$ 290,552	\$ (291,006)	\$ 16,618
<b>Liabilities</b>				
Due to Firemen's Association	\$ 17,071	\$ 290,552	\$ (291,006)	\$ 16,618

## CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS

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

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

JUNE 30, 2011  
 (With comparative amounts for June 30, 2010)

	2011	2010
<b>Governmental Funds Capital Assets</b>		
Land	\$ 14,601,763	\$ 11,034,350
Land improvements	7,186,227	5,647,305
Buildings	20,840,996	20,840,996
Machinery and equipment	15,630,133	14,946,696
	58,259,119	52,469,347
Infrastructure:		
Roads	21,121,723	21,121,723
Drainage systems	19,310,047	19,310,047
Developer contributions – roads	10,245,930	10,245,930
Sidewalks	1,859,394	1,859,394
Street lighting and other	747,555	747,555
	53,284,649	53,284,649
Construction in progress	1,081,252	724,248
Total governmental funds capital assets	\$ 112,625,020	\$ 106,478,244
<b>Investment in Governmental Funds Capital Assets by Source</b>		
General Obligation Bonds	\$ 13,286,471	\$ 18,386,470
General Fund Revenue	81,710,482	69,634,937
Special Revenue Funds	6,704,671	7,533,441
Gifts and contributions from developers	10,923,396	10,923,396
Total investment in governmental funds capital assets	\$ 112,625,020	\$ 106,478,244

## VICTIMS' RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES  
 YEAR ENDED JUNE 30, 2011

	<b>2011</b>
<b>Court Fines and Assessments</b>	
Court fines and assessments collected	\$ 782,685
Court fines and assessments remitted to State Treasurer	(411,759)
Total court fines and assessments retained	\$ 370,926
 <b>Surcharges and Assessments Retained for Victims Service</b>	
Total surcharges collected	\$ 35,559
Total assessments	23,085
Total surcharges and assessments	\$ 58,644
 <b>Funds Allocated to Victims Service</b>	
Carryover funds from prior year	\$ 75,149
Surcharges and assessments retained	58,644
Expenditures for victims service	(68,263)
Total unexpended victims rights assistance funds	\$ 65,530

## 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)..... 111-117

**Revenue Capacity** – These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property tax revenue. (Tables VI-IX)..... 118-121

**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)..... 122-126

**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)..... 127-129

**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) ..... 130-131

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## NET ASSETS BY COMPONENT

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$70,691,984	\$66,073,670	\$62,387,272	\$59,996,795	\$54,648,649	\$47,153,263	\$39,973,658	\$40,839,787	\$35,428,857	\$30,947,802
Restricted	4,364,806	981,627	370,247	280,938	295,569	1,063,240	1,049,601	1,098,748	1,141,465	1,734,199
Unrestricted	<u>8,467,618</u>	<u>13,385,175</u>	<u>16,926,046</u>	<u>11,782,163</u>	<u>12,810,362</u>	<u>11,666,720</u>	<u>13,011,400</u>	<u>6,841,785</u>	<u>8,274,940</u>	<u>8,258,264</u>
Total governmental activities net assets	<u>\$83,524,408</u>	<u>\$80,440,472</u>	<u>\$79,683,565</u>	<u>\$72,059,896</u>	<u>\$67,754,580</u>	<u>\$59,883,223</u>	<u>\$54,034,659</u>	<u>\$48,780,320</u>	<u>\$44,845,262</u>	<u>\$40,940,265</u>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$75,857,900	\$74,463,999	\$73,470,864	\$70,181,520	\$66,994,082	\$60,972,531	\$56,752,917	\$54,705,351	\$49,616,367	\$48,425,947
Restricted	4,684,710	7,199,586	11,571,789	13,256,184	15,902,485	14,530,805	11,100,189	8,755,316	12,604,894	11,183,918
Unrestricted	<u>10,303,150</u>	<u>8,805,767</u>	<u>6,347,822</u>	<u>7,806,643</u>	<u>6,774,378</u>	<u>6,972,508</u>	<u>7,726,850</u>	<u>8,537,750</u>	<u>2,809,111</u>	<u>3,004,937</u>
Total business-type activities net assets	<u>\$90,845,760</u>	<u>\$90,469,352</u>	<u>\$91,390,475</u>	<u>\$91,244,347</u>	<u>\$89,670,945</u>	<u>\$82,475,844</u>	<u>\$75,579,956</u>	<u>\$71,998,417</u>	<u>\$65,030,372</u>	<u>\$62,614,802</u>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$146,549,884	\$140,537,669	\$135,858,136	\$130,178,315	\$121,642,731	\$108,125,794	\$96,726,575	\$95,545,138	\$85,045,224	\$79,373,749
Restricted	9,049,516	8,181,213	11,942,036	13,537,122	16,198,054	15,594,045	12,149,790	9,854,064	13,746,359	12,918,117
Unrestricted	<u>18,770,768</u>	<u>22,190,942</u>	<u>23,273,868</u>	<u>19,588,806</u>	<u>19,584,740</u>	<u>18,639,228</u>	<u>20,738,250</u>	<u>15,379,535</u>	<u>11,084,051</u>	<u>11,263,201</u>
Total primary government net assets	<u>\$174,370,168</u>	<u>\$170,909,824</u>	<u>\$171,074,040</u>	<u>\$163,304,243</u>	<u>\$157,425,525</u>	<u>\$142,359,067</u>	<u>\$129,614,615</u>	<u>\$120,778,737</u>	<u>\$109,875,634</u>	<u>\$103,555,067</u>

TABLE II

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET ASSETS  
(Accrual basis of accounting)  
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Expenses</b>										
Governmental activities:										
General Government	\$2,441,345	\$2,130,225	\$2,271,467	\$2,088,723	(\$34,011)	\$1,161,528	\$1,459,140	\$1,548,044	\$1,625,528	\$1,254,936
Information Services	552,729	464,356	430,655	349,883	-	-	-	-	-	-
Finance	853,129	890,656	752,495	657,347	901,788	780,200	747,756	685,707	615,604	495,969
Public Safety	12,256,306	12,756,846	12,056,536	11,419,629	10,011,477	9,363,496	8,870,555	7,898,923	7,542,528	6,771,191
Planning and Development	1,574,560	1,563,628	1,507,356	1,317,488	1,473,242	1,464,816	1,315,645	1,121,542	1,031,627	964,970
Public Works	6,142,162	6,178,403	4,806,216	3,659,488	4,116,534	1,815,327	2,736,392	2,159,477	1,398,521	5,561,034
Parks and Recreation	4,015,757	3,415,431	3,129,329	3,259,313	2,764,956	2,594,537	2,403,297	1,988,628	2,130,942	1,951,975
Support Services	883,701	796,998	748,813	791,744	624,342	571,110	475,183	611,112	386,769	289,825
Debt service - interest	176,685	421,619	451,621	439,195	445,674	375,076	546,175	306,896	541,585	659,225
Depreciation (unallocated)	-	-	756,800	723,410	3,226,639	2,685,978	2,588,902	2,407,554	2,242,844	1,895,985
Total governmental activities	<u>\$28,896,374</u>	<u>\$28,618,162</u>	<u>\$26,911,288</u>	<u>\$24,706,220</u>	<u>\$23,530,641</u>	<u>\$20,812,068</u>	<u>\$21,143,045</u>	<u>\$18,727,883</u>	<u>\$17,515,948</u>	<u>\$19,845,110</u>
Business-type activities:										
Water and sewer utility	\$13,599,320	\$13,264,136	\$13,913,062	\$13,482,505	\$13,337,790	\$12,478,180	\$11,430,356	\$10,015,661	\$9,515,558	\$8,506,615
Solid waste	3,671,633	3,580,362	3,554,310	3,550,876	3,259,451	3,015,221	2,872,433	2,723,065	2,593,302	2,649,677
Aquatic Center	2,167,517	2,248,606	2,255,884	2,300,591	2,220,718	1,638,962	163,149	35,985	-	-
Beach Services	1,886,846	1,889,646	2,125,599	2,454,720	1,028,145	-	-	-	-	-
Total business type-activities	<u>\$21,325,316</u>	<u>\$20,982,750</u>	<u>\$21,848,855</u>	<u>\$21,788,692</u>	<u>\$19,846,104</u>	<u>\$17,132,363</u>	<u>\$14,465,938</u>	<u>\$12,774,711</u>	<u>\$12,108,860</u>	<u>\$11,156,292</u>
Total primary government expenses	<u>\$50,221,690</u>	<u>\$49,600,912</u>	<u>\$48,760,143</u>	<u>\$46,494,912</u>	<u>\$43,376,745</u>	<u>\$37,944,431</u>	<u>\$35,608,983</u>	<u>\$31,502,594</u>	<u>\$29,624,808</u>	<u>\$31,001,402</u>
<b>Program Revenue</b>										
Governmental activities:										
Fees for services										
Storm Water	\$1,997,341	\$2,037,098	\$1,994,499	\$1,944,616	\$1,627,127	\$1,596,184	\$1,512,516	\$1,420,824	\$1,412,112	\$1,323,342
Fines	425,582	698,759	698,384	640,696	1,075,873	765,829	656,426	533,818	737,139	616,543
Building Permits	367,195	328,986	346,808	434,028	1,001,339	1,643,855	1,206,264	948,572	661,942	584,555
Other	398,874	155,462	139,472	331,341	204,577	476,595	231,007	102,505	227,910	125,218
Operating grants and contributions	2,919,065	1,806,030	456,982	445,707	2,099,130	61,404	154,959	1,205,168	893,912	2,128,113
Capital grants and contributions	644,989	573,294	6,303,509	1,582,531	1,125,000	587,704	2,998,980	768,155	61,315	136,210
Total primary government net assets	<u>\$6,753,046</u>	<u>\$5,599,629</u>	<u>\$9,939,654</u>	<u>\$5,378,919</u>	<u>\$7,133,046</u>	<u>\$5,131,571</u>	<u>\$6,760,152</u>	<u>\$4,979,042</u>	<u>\$3,994,330</u>	<u>\$4,913,981</u>

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

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## CHANGES IN NET ASSETS

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>General Revenues and Transfers</b>										
Business-type activities										
Fees for services										
Water & Sewer	\$11,607,077	\$11,818,089	\$10,584,989	\$11,253,700	\$11,029,828	\$10,022,251	\$9,127,460	\$8,892,124	\$8,402,227	\$7,371,441
Solid Waste	3,996,766	3,731,954	3,787,700	3,158,258	3,152,034	2,646,757	2,600,664	2,196,194	2,314,403	1,943,350
Other	3,343,444	3,088,793	2,933,188	2,731,291	1,590,656	632,967	82,199	66,024	-	-
Operating grants and contributions	-	325,133	125,432	124,687	107,383	194,025	-	378,151	-	-
Capital grants and contributions	1,312,519	-	3,064,214	4,063,757	9,066,557	8,644,138	5,040,737	7,498,495	3,264,897	5,897,616
Total business-type activities	<u>\$20,259,806</u>	<u>\$18,963,969</u>	<u>\$20,495,523</u>	<u>\$21,331,693</u>	<u>\$24,946,458</u>	<u>\$22,140,138</u>	<u>\$16,851,060</u>	<u>\$19,030,988</u>	<u>\$13,981,527</u>	<u>\$15,212,407</u>
Total primary government program revenue	<u>\$27,012,852</u>	<u>\$24,563,598</u>	<u>\$30,435,177</u>	<u>\$26,710,612</u>	<u>\$32,079,504</u>	<u>\$27,271,709</u>	<u>\$23,611,212</u>	<u>\$24,010,030</u>	<u>\$17,975,857</u>	<u>\$20,126,388</u>
Governmental activities:										
Property taxes	\$11,773,505	\$11,168,009	\$11,070,906	\$9,663,938	\$8,569,450	\$7,440,462	\$6,883,489	\$6,453,278	\$6,445,385	\$5,701,861
Accommodations and hospitality taxes	6,857,636	6,226,860	6,231,622	6,907,921	6,670,715	6,246,427	5,446,357	3,180,602	3,172,527	2,649,080
State shared taxes - unrestricted	745,289	789,170	1,134,677	883,306	820,197	955,045	891,991	2,452,909	1,572,791	1,719,053
Business licenses and franchise taxes	6,444,326	6,278,270	6,758,690	6,934,321	8,190,225	7,234,776	6,186,665	4,928,605	4,374,125	4,062,520
Unrestricted investment earnings	13,260	239,601	352,529	398,535	893,930	676,842	901,987	817,312	1,970,661	6,281,584
Miscellaneous	476,406	26,744	88,097	55,774	95,149	(65,101)	34,804	208,987	16,126	1,193,796
Transfers in/(out)	(1,083,158)	(953,214)	(1,041,218)	(1,211,178)	(970,714)	(959,390)	(708,061)	(357,794)	(125,000)	(312,300)
Total governmental activities	<u>\$25,227,264</u>	<u>\$23,775,440</u>	<u>\$24,595,303</u>	<u>\$23,632,617</u>	<u>\$24,268,952</u>	<u>\$21,529,061</u>	<u>\$19,637,232</u>	<u>\$17,683,899</u>	<u>\$17,426,615</u>	<u>\$21,295,594</u>
Business-type activities:										
Unrestricted investment earnings	\$140,633	\$144,444	\$265,690	\$819,223	\$1,124,033	\$928,723	\$327,142	\$201,315	\$293,442	\$416,260
Miscellaneous	218,127	-	192,552	-	-	-	161,214	152,659	124,461	110,537
Transfers in/(out)	1,083,158	953,214	1,041,218	1,211,178	970,714	959,390	708,061	357,794	125,000	312,300
Total business type-activities	<u>\$1,441,918</u>	<u>\$1,097,658</u>	<u>\$1,499,460</u>	<u>\$2,030,401</u>	<u>\$2,094,747</u>	<u>\$1,888,113</u>	<u>\$1,196,417</u>	<u>\$711,768</u>	<u>\$542,903</u>	<u>\$839,097</u>
Total primary government general revenue and other changes	<u>\$26,669,182</u>	<u>\$24,873,098</u>	<u>\$26,094,763</u>	<u>\$25,663,018</u>	<u>\$26,363,699</u>	<u>\$23,417,174</u>	<u>\$20,833,649</u>	<u>\$18,395,667</u>	<u>\$17,969,518</u>	<u>\$22,134,691</u>
<b>Changes in Net Assets</b>										
Governmental activities:										
Governmental activities:	\$3,083,936	\$756,907	\$7,623,669	\$4,305,316	\$7,871,357	\$5,848,564	\$5,254,339	\$3,935,058	\$3,904,997	\$6,364,465
Business-type activities	376,408	(921,123)	146,128	1,573,402	7,195,101	6,895,888	3,581,539	6,968,045	2,415,570	4,895,212
Total primary government changes in net assets	<u>\$3,460,344</u>	<u>(\$164,216)</u>	<u>\$7,769,797</u>	<u>\$5,878,718</u>	<u>\$15,066,458</u>	<u>\$12,744,452</u>	<u>\$8,835,878</u>	<u>\$10,903,103</u>	<u>\$6,320,567</u>	<u>\$11,259,677</u>

TABLE III

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## PROGRAM REVENUE BY COMPONENT

(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Function/Program</b>										
Governmental Activities:										
General Government	\$ 9,697	\$ 9,299	\$ 43,910	\$ 12,965	\$ 143,588	\$ 31,045	\$ 14,050	\$ 12,641	\$ 13,607	\$ 11,260
Information Services	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	1,030,879	1,222,163	698,384	878,357	1,075,873	765,829	674,464	563,149	1,015,492	1,076,764
Planning and Development	367,195	328,986	346,808	434,028	-	-	1,206,264	948,572	661,942	584,555
Public Works	5,034,917	3,843,128	5,673,008	3,741,744	5,845,576	2,473,145	4,744,984	3,323,816	2,087,037	1,525,983
Parks and Recreation	310,358	196,053	3,177,544	311,825	68,009	217,697	95,590	130,864	216,252	1,715,419
Support Services	-	-	-	-	-	-	24,800	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>\$ 6,753,046</u>	<u>\$ 5,599,629</u>	<u>\$ 9,939,654</u>	<u>\$ 5,378,919</u>	<u>\$ 7,133,046</u>	<u>\$ 3,487,716</u>	<u>\$ 6,760,152</u>	<u>\$ 4,979,042</u>	<u>\$ 3,994,330</u>	<u>\$ 4,913,981</u>
Business-type activities										
Water and sewer utility	\$ 12,908,796	\$ 12,071,586	\$ 13,652,598	\$ 15,317,457	\$ 20,113,885	\$ 18,427,204	\$ 14,060,107	\$ 16,390,619	\$ 11,667,124	\$ 13,269,057
Solid waste	3,996,766	3,731,954	3,787,700	3,193,605	3,156,118	2,708,009	2,600,664	2,196,194	2,314,403	1,943,350
Aquatic Center	1,747,843	1,690,487	1,642,446	1,457,777	1,296,920	1,004,925	190,289	444,175	-	-
Beach Services	<u>1,606,401</u>	<u>1,469,942</u>	<u>1,412,779</u>	<u>1,362,854</u>	<u>379,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 20,259,806</u>	<u>\$ 18,963,969</u>	<u>\$ 20,495,523</u>	<u>\$ 21,331,693</u>	<u>\$ 24,946,458</u>	<u>\$ 22,140,138</u>	<u>\$ 16,851,060</u>	<u>\$ 19,030,988</u>	<u>\$ 13,981,527</u>	<u>\$ 15,212,407</u>
Total program revenues by function and program	<u>\$ 27,012,852</u>	<u>\$ 24,563,598</u>	<u>\$ 30,435,177</u>	<u>\$ 26,710,612</u>	<u>\$ 32,079,504</u>	<u>\$ 25,627,854</u>	<u>\$ 23,611,212</u>	<u>\$ 24,010,030</u>	<u>\$ 17,975,857</u>	<u>\$ 20,126,388</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 (Modified accrual basis of accounting)  
 LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>General Fund</b>										
Non-spendable	\$ 432,554	\$ 190,024								
Restricted by Others	501,116	968,830								
Committed by Ordinance	392,500	392,500								
Assigned by Management	-	-								
Unassigned	<u>8,756,419</u>	<u>7,733,570</u>								
Total General Fund	<u>\$10,082,589</u>	<u>\$ 9,284,924</u>	<u>\$9,752,787</u>	<u>\$9,690,476</u>	<u>\$11,510,840</u>	<u>\$13,181,507</u>	<u>\$10,412,103</u>	<u>\$8,840,672</u>	<u>\$7,579,976</u>	<u>\$8,557,239</u>
<b>Stormwater Fund</b>										
Restricted by Others	\$ 3,000,000	\$ 3,000,000								
Committed by Ordinance	2,142,295	1,672,751								
Assigned by Management	<u>95,000</u>	<u>-</u>								
Total Stormwater Fund	<u>\$ 5,237,295</u>	<u>\$ 4,672,751</u>								
<b>Park Development Fund</b>										
Unassigned	<u>\$(2,285,866)</u>	<u>\$ 1,434,312</u>								
Total Park Development Fund	<u>\$(2,285,866)</u>	<u>\$ 1,434,312</u>								
<b>All Other Governmental Funds</b>										
Restricted by Others	\$ 863,690	\$ 779,094								
Committed by Ordinance	-	347,933								
Assigned by Management	<u>2,219,111</u>	<u>656,816</u>								
Total All Other Governmental Funds	<u>\$ 3,082,801</u>	<u>\$ 1,783,843</u>	<u>\$8,882,846</u>	<u>\$2,895,137</u>	<u>\$2,166,042</u>	<u>\$1,481,041</u>	<u>\$1,570,761</u>	<u>(\$289,553)</u>	<u>\$2,285,366</u>	<u>\$1,794,661</u>
<b>Total Governmental Funds</b>	<u>\$16,116,819</u>	<u>\$17,175,830</u>	<u>\$18,635,633</u>	<u>\$12,585,613</u>	<u>\$13,676,882</u>	<u>\$14,662,548</u>	<u>\$11,982,864</u>	<u>\$8,551,119</u>	<u>\$9,865,342</u>	<u>\$10,351,900</u>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$146,549,884	\$140,537,669	\$135,858,136	\$130,178,315	\$121,642,731	\$108,125,794	\$96,726,575	\$95,545,138	\$85,045,224	\$79,373,749
Restricted	9,049,516	8,181,213	11,942,036	13,537,122	16,198,054	15,594,045	12,149,790	9,854,064	13,746,359	12,918,117
Unrestricted	<u>18,770,768</u>	<u>22,190,942</u>	<u>23,273,868</u>	<u>19,588,806</u>	<u>19,584,740</u>	<u>18,639,228</u>	<u>20,738,250</u>	<u>15,379,535</u>	<u>11,084,051</u>	<u>11,263,201</u>
Total primary government net assets	<u>\$174,370,168</u>	<u>\$170,909,824</u>	<u>\$171,074,040</u>	<u>\$163,304,243</u>	<u>\$157,425,525</u>	<u>\$142,359,067</u>	<u>\$129,614,615</u>	<u>\$120,778,737</u>	<u>\$109,875,634</u>	<u>\$103,555,067</u>

*Note: The City did not previously prepare this schedule to this level of detail and chooses to implement such data prospective of implementing GASB Statement 54. Only totals readily available are shown for the years prior to categorizing Fund Balances at the new level of detail required.*

TABLE V

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES  
(Modified accrual basis of accounting)  
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Revenue</b>										
Property taxes:										
Current property taxes	\$ 11,684,571	\$ 10,822,314	\$ 10,903,564	\$ 9,337,950	\$ 8,312,388	\$ 7,504,632	\$ 6,634,370	\$ 6,374,997	\$ 5,690,453	\$ 6,673,734
Delinquent property taxes	201,185	504,785	167,342	166,898	173,607	145,756	39,194	78,281	161,604	140,536
Licenses and permits	6,811,281	6,607,116	7,105,498	7,368,349	9,208,744	8,878,631	7,392,929	8,940,899	8,094,828	7,296,155
Fines and forfeitures	425,582	591,575	594,020	498,923	946,703	667,589	559,298	443,370	624,318	507,169
Use of money and property	264,265	239,601	352,529	573,178	893,930	745,955	901,987	182,466	374,655	550,477
Unrestricted intergovernmental	889,898	925,511	1,134,667	1,040,789	970,104	955,045	891,991	820,928	593,328	606,644
Restricted intergovernmental	10,277,081	8,469,843	11,632,473	7,785,775	8,619,938	6,895,535	6,908,439	3,722,184	2,712,355	4,064,091
Sales and service charges	2,308,951	2,299,864	2,290,562	2,243,087	1,986,791	2,101,906	3,512,184	1,730,383	1,676,386	2,501,429
Miscellaneous	312,904	30,346	1,405,218	220,687	1,177,052	13,474	29,128	18,999	79,705	65,462
Total revenue	<u>\$ 33,175,718</u>	<u>\$ 30,490,955</u>	<u>\$ 35,585,873</u>	<u>\$ 29,235,636</u>	<u>\$ 32,289,257</u>	<u>\$ 27,908,523</u>	<u>\$ 26,869,520</u>	<u>\$ 22,312,507</u>	<u>\$ 20,007,632</u>	<u>\$ 22,405,697</u>
<b>Expenditures</b>										
Current:										
General Government/Admin.	\$ 2,195,564	\$ 2,444,816	\$ 2,174,015	\$ 1,953,423	\$ (66,549)	\$ 1,031,253	\$ 1,459,140	\$ 1,548,044	\$ 1,625,528	\$ 1,231,814
Finance	777,367	717,716	649,999	541,807	901,788	780,200	747,756	685,707	615,604	495,969
Information Services	443,719	328,899	348,220	349,883						
Public Safety	11,557,464	10,910,010	10,754,799	10,694,089	10,011,477	9,363,496	8,870,555	7,898,923	7,542,528	6,771,191
Planning and Development	1,500,942	1,453,280	1,413,520	1,282,207	1,473,242	1,464,816	1,315,645	1,121,542	1,031,627	964,970
Public Works	4,544,221	6,633,499	7,036,796	4,671,751	7,023,921	5,899,802	9,237,747	7,756,124	3,266,970	6,674,278
Parks and Recreation	8,613,758	3,802,272	6,673,148	3,193,185	2,764,956	2,594,537	2,403,297	1,988,628	2,130,942	1,951,975
Support Services	871,037	667,499	656,093	765,972	624,342	571,110	475,183	449,463	393,686	289,825
Debt service:										
Principal	2,131,238	2,652,808	2,129,899	2,020,987	1,947,568	1,934,661	1,913,040	1,037,000	965,000	3,033,692
Interest	262,740	366,663	291,231	380,323	463,741	438,980	578,583	306,896	676,296	543,437
Capital outlay	253,521	907,831	1,540,672	3,262,100	7,879,003	3,849,922	782,834	667,157	2,147,009	1,609,741
Total expenditures	<u>\$ 33,151,571</u>	<u>\$ 30,885,293</u>	<u>\$ 33,668,392</u>	<u>\$ 29,115,727</u>	<u>\$ 33,023,489</u>	<u>\$ 27,928,777</u>	<u>\$ 27,783,780</u>	<u>\$ 23,459,484</u>	<u>\$ 20,395,190</u>	<u>\$ 23,566,892</u>

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## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES  
(Modified accrual basis of accounting)  
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Other Financing Sources (Uses)</b>										
Bond Issuance	\$ -	\$ -	\$ 5,100,000	\$ -	\$ -	\$ 1,975,000	\$ 8,000,000	\$ -	\$ 1,471,000	\$ -
Payment to refunded bond escrow agent			-	-	-	-	-	-	(1,445,000)	-
Transfers in	7,936,960	7,366,530	8,054,681	7,973,028	7,389,392	5,909,338	5,497,829	1,240,194	1,800,393	2,496,055
Transfers (out)	(9,020,118)	(8,319,744)	(9,095,998)	(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)	\$ (1,083,158)	\$ (953,214)	\$ 4,058,683	\$ (1,211,178)	\$ (970,714)	\$ 1,015,610	\$ 6,749,613	\$ (167,246)	\$ (99,000)	\$ (312,300)
Net change in fund balances	\$ (1,059,011)	\$ (1,347,552)	\$ 5,976,164	\$ (1,091,269)	\$ (1,704,946)	\$ 995,356	\$ 5,835,353	\$ (1,314,223)	\$ (486,558)	\$ (1,473,495)
Fund balances, beginning of year	<u>17,175,830</u>	<u>18,523,382</u>	<u>12,659,469</u>	<u>13,676,882</u>	<u>15,381,828</u>	<u>14,386,472</u>	<u>8,551,119</u>	<u>9,865,342</u>	<u>10,351,900</u>	<u>11,825,395</u>
Fund balances, end of year	<u>\$ 16,116,819</u>	<u>\$ 17,175,830</u>	<u>\$ 18,635,633</u>	<u>\$ 12,585,613</u>	<u>\$ 13,676,882</u>	<u>\$ 15,381,828</u>	<u>\$ 14,386,472</u>	<u>\$ 8,551,119</u>	<u>\$ 9,865,342</u>	<u>\$ 10,351,900</u>
Ratio of Debt Service to General Government Expenditures including Capital Outlay	<u>7.78%</u>	<u>10.84%</u>	<u>7.75%</u>	<u>8.99%</u>	<u>7.88%</u>	<u>9.29%</u>	<u>9.85%</u>	<u>6.08%</u>	<u>8.75%</u>	<u>17.89%</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real and Personal Property</u>			<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Estimated Actual Value</u>
	<u>Real Estate</u>	<u>Personal</u>	<u>Less: Tax-Exempt</u>				
2002	145,552,226	16,814,285	2,513,010	159,853,501	0.0357	2,664,225,000	6.0
2003	154,520,238	14,201,408	2,761,058	165,960,588	0.0357	2,766,000,000	6.0
2004	164,149,623	22,657,095	2,866,074	183,940,644	0.0357	3,015,420,000	6.1
2005	167,743,316	24,534,360	2,867,679	189,409,997	0.0357	3,139,826,000	6.0
2006	216,193,479	46,475,103	2,933,728	259,734,854 <sup>(1)</sup>	0.0305	4,248,137,000	6.1
2007	247,958,690	34,691,790	3,652,346	278,998,134	0.0305	4,699,320,592	5.9
2008	283,695,735	25,394,013	2,927,453	306,162,295	0.0305	5,198,001,614	6.0
2009	329,532,557	28,473,021	3,183,502	354,822,076	0.0322	5,913,000,000	6.0
2010	327,848,164	27,883,552	3,175,101	352,556,615	0.0322	5,875,944,000	6.0
2011	351,371,679	30,443,376	3,317,086	378,497,969	0.0320	6,308,000,000	6.0

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

Note: 1 mil is equal to \$378,497 in property tax billings.

TABLE VII

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

<u>Fiscal Year</u>	<u>City Millage</u>	<u>County Millage</u>	<u>School District Millage</u>	<u>Higher Education Commission Millage</u>	<u>Total Millage</u>
2002	35.7	50.2	124.9	0.7	211.5
2003	35.7	50.2	130.4	0.7	217.0
2004	35.7	51.0	130.0	0.7	217.4
2005	35.7	50.9	130.4	0.7	217.7
2006	30.5	52.0	129.7	0.7	212.9
2007	30.5	46.6	143.3	0.7	221.1
2008	30.5	46.6	143.3	0.7	221.1
2009	32.2	46.6	143.3	0.7	222.8
2010	32.2	47.3	143.3	0.7	223.5
2011	32.0	44.2	132.2	0.7	209.1

Note: Each mil for North Myrtle Beach is equal to \$378,497 in property taxes.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 PRINCIPAL PROPERTY TAXPAYERS  
 YEARS 2011 AND 2002

TAXPAYER	TYPE OF BUSINESS	2011			2002		
		ASSESSMENTS	Percentage of Total Assessed Value	RANK	ASSESSMENTS	RANK	Percentage of Total Assessed Value
Winchester N. Beach Towers LLC	Residential Development	8,611,756	2.28%	1			
Lawyers Title Insurance Corp	Condominium	3,407,466	0.90%	2	739,440	8	0.53%
Bluegreen Vacations Unlimited Inc.	Condos	2,308,886	0.61%	3			
Fairfield Resorts, Inc.	Multi-Family Residential	2,161,746	0.57%	4			
THF Gator Hole	Commercial - Retail	2,043,498	0.54%	5			
Lakeside Festival Shopping	Commercial - Retail	2,033,436	0.54%	6			
Towers on the Grove	Condos	1,890,276	0.50%	7			
Verizon South	Telecommunications	1,541,700	0.41%	8			
Wyndham Vacation Resorts Inc.	Condos	1,465,218	0.39%	9			
Ocean Keyes Dev. LLC	Residential Development	1,398,744	0.37%	10			
Bahama Sands	Condos	1,282,560	0.34%	11			
ETW Development Co. LLC	Condos	1,153,080	0.30%	12			
Centex Homes	Residential Development	1,143,257	0.30%	13	767,586	7	0.55%
Barefoot Resort Golf Club LLC	Golf Courses	1,084,986	0.29%	14	1,368,456	4	0.97%
Boulineau's Inc.	Commercial / Residential	1,043,137	0.28%	15	469,195	15	0.33%
Premier Holding of SC LLC	Residential Development	841,941	0.22%	16			
Worley, Harold G.	Commercial	801,646	0.21%	17	572,448	12	0.41%
Barefoot Retail Partners I LLC	Commercial/Retail	789,032	0.21%	18	813,570	6	0.58%
Surfwood Plaza LLC	Commercial	689,352	0.18%	19	600,894	11	0.43%
Peppertree Resort LTD	Timeshare	686,760	0.18%	20	423,552	18	0.30%
Patten Resorts	Condos				2,065,020	1	1.47%
Silver Carolina Development	Residential / Dye Estates				1,927,026	2	1.37%
Barefoot Properties II LTD	Commercial				1,552,008	3	1.10%
Southern Land & Golf	Golf Course / Residential				1,250,266	5	0.89%
Briarcliffe RV Resort	Mobile Home Park				630,600	8	0.48%
LLL Development Inc.	Multi-Family Residential				677,880	9	0.48%
Defender Development Group	Multi-Family Residential				658,362	10	0.47%
		<u>\$36,378,477</u>	<u>9.61%</u>		<u>\$14,516,303</u>		<u>9.08%</u>

TABLE IX

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## PROPERTY TAX LEVIES AND COLLECTIONS

## LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Real Estate Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>	<u>Collections Amount</u>	<u>Percentage of Levy</u>
2002	5,706,770	5,561,325	97.5%	69,816	5,631,141	98.7%
2003	5,924,793	5,690,453	96.0%	106,897	5,797,350	97.8%
2004	6,374,997	6,183,313	97.0%	197,531	6,380,844	100.1%
2005	6,634,370	6,469,365	97.5%	(16,727) <sup>(1)</sup>	6,452,638	97.3%
2006	7,921,913 <sup>(2)</sup>	7,732,578	97.6%	83,907	7,816,485	98.7%
2007	8,509,423	8,312,388	97.7%	103,520	8,415,908	98.9%
2008	9,580,573	9,337,950	97.5%	83,010	9,420,960	98.3%
2009	11,425,271 <sup>(3)</sup>	10,903,564	95.4%	70,450	10,974,014	96.1%
2010	11,352,323	10,822,314	95.3%	372,131	11,194,445	98.6%
2011	12,111,935 <sup>(4)</sup>	11,684,571	96.5%	66,615	11,751,186	97.0%

<sup>(1)</sup> Cash refunds from prior year assessment appeals.

<sup>(2)</sup> Millage rate reduced to 30.5 from 35.7.

<sup>(3)</sup> Millage rate increased to 32.2 from 30.5.

<sup>(4)</sup> Millage rate reduced to 32.0 from 32.2.

TABLE X

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
RATIOS OF OUTSTANDING LONG-TERM DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	General Activities		Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Lease and Storm Water Revenue Bonds	Water and Sewer System Revenue Bonds	Water and Sewer Contracts Payable	Aquatic Center Enterprise Fund				
2002	7,425,000	-	1,585,000	15,638,501	-	24,892,150	7.64%	2,183	
2003	6,486,000	-	1,385,000	14,873,333	-	23,096,853	6.75%	1,984	
2004	5,449,000	-	1,170,000	14,135,000	8,600,000	29,652,560	8.14%	2,495	
2005	4,378,000	8,000,000	950,000	13,418,333	8,314,181	35,531,404	9.18%	2,928	
2006	3,254,000	9,089,239	725,000	12,790,000	8,016,643	34,386,339	8.36%	2,776	
2007	2,588,000	6,951,749	490,000	12,131,666	7,706,906	30,502,024	6.98%	2,412	
2008	1,895,000	4,467,410	255,000	11,433,333	7,384,471	25,435,214	5.47%	1,970	
2009	6,248,000	3,478,866	-	10,695,000	7,048,815	27,470,681	5.56%	2,084	
2010	5,031,424	2,452,794	-	9,920,000	6,699,397	24,103,615	4.59%	1,791	
2011	4,392,518	1,386,958	-	9,110,000	6,335,653	21,225,129	4.43%	1,545	

<sup>(1)</sup> See "Demographic and Economic Statistics" Table XVI for personal income and per capita data.

TABLE XI

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

<u>Fiscal Year</u>	<u>Total General Bonded Indebtedness</u>	<u>Percentage of Assessed Value of Taxable Property</u>	<u>Per Capita</u>
2002	7,425,000	4.64%	651.14
2003	6,486,000	3.91%	557.12
2004	5,449,000	2.96%	458.44
2005	4,378,000	2.31%	360.77
2006	3,254,000	1.25%	262.65
2007	2,588,000	0.93%	204.62
2008	1,895,000	0.62%	146.76
2009	6,248,000 <sup>(1)</sup>	1.76%	473.98
2010	5,031,424	1.43%	373.86
2011	4,392,518	1.16%	319.69

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

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## TOTAL DIRECT AND OVERLAPPING DEBT

JUNE 30, 2011

<u>Jurisdiction</u>	<u>Assessed Value</u>	<u>General Bonded Debt Outstanding</u>		
		<u>General Obligation Bond Principal Outstanding</u> <sup>(1)</sup>	<u>Percentage Applicable to the City of North Myrtle Beach</u>	<u>Amount Applicable to the City of Outstanding</u> <sup>(2)</sup>
City of North Myrtle Beach	\$ 378,497,969	4,393,000	100.00%	4,393,000
Sub-Total Direct Debt		\$ 4,393,000		\$ 4,393,000
Horry County	2,028,990,000	114,797,000	18.65%	21,409,641
Horry County School District	2,028,990,000	386,305,000	18.65%	72,045,883
Sub-Total Overlapping Debt		\$ 501,102,000		\$ 93,455,524
Grand Total Direct & Overlapping Debt		\$ 505,495,000		\$ 97,848,524

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

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

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## LEGAL DEBT MARGIN INFORMATION

## LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Total Assessed Valuation</b>	\$378,497,969	\$352,556,615	\$354,822,076	\$306,162,295	\$278,998,134	\$259,734,854	\$189,409,997	\$183,940,644	\$165,960,588	\$159,853,501
Maximum General Obligation Obligation Debt limited to 8% of total assessed valuation <sup>(1)</sup>	30,279,838	28,204,529	28,385,766	24,492,984	22,319,851	20,778,788	15,152,800	14,715,252	13,276,847	12,788,280
Outstanding bonds chargeable to bond limit <sup>(2)</sup>	<u>4,392,518</u>	<u>5,031,424</u>	<u>6,248,000</u>	<u>1,895,000</u>	<u>2,588,000</u>	<u>3,254,000</u>	<u>4,378,000</u>	<u>5,449,000</u>	<u>6,486,000</u>	<u>7,425,000</u>
Legal debt margin	<u>\$25,887,320</u>	<u>\$23,173,105</u>	<u>\$22,137,766</u>	<u>\$22,597,984</u>	<u>\$19,731,851</u>	<u>\$17,524,788</u>	<u>\$10,774,800</u>	<u>\$ 9,266,252</u>	<u>\$ 6,790,847</u>	<u>\$ 5,363,280</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>14.5%</u>	<u>17.8%</u>	<u>22.0%</u>	<u>7.7%</u>	<u>11.6%</u>	<u>15.7%</u>	<u>28.9%</u>	<u>37.0%</u>	<u>48.9%</u>	<u>58.1%</u>

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

<sup>(2)</sup> Includes only General Obligation Bonds.

TABLE XIV

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PLEDGED REVENUE - REVENUE BOND COVERAGE WATER AND SEWER  
 ENTERPRISE FUND AND STORM WATER DRAINAGE FUND  
 LAST TEN FISCAL YEARS

Fiscal Year		Gross Revenue <sup>(1)</sup>	Operating and Maintenance Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Total Debt Service Requirements <sup>(3)</sup>			Debt Service Coverage
					Principal	Interest	Total	
2002		7,767,440	5,422,696	2,344,744	838,333	987,628	1,825,961	128%
2003		8,820,130	6,439,433	2,380,697	965,168	822,544	1,787,712	133%
2004		9,335,124	6,625,984	2,709,140	953,333	795,528	1,748,861	155%
2005	Water and Sewer	10,027,816	7,632,393	2,395,423	936,667	805,100	1,741,767	138%
	Stormwater <sup>(3)</sup>	1,606,960	-	1,606,960	853,040	314,604	1,167,644	137%
2006	Water and Sewer	11,730,817	8,606,218	3,124,599	853,333	700,241	1,553,574	201%
	Stormwater	1,711,205	-	1,711,205	810,661	234,339	1,045,000	164%
2007	Water and Sewer	12,335,826	9,205,793	2,930,431	893,333	708,977	1,602,310	183%
	Stormwater	1,647,144	-	1,647,144	919,737	220,263	1,140,000	144%
2008	Water and Sewer	12,335,826	9,298,912	3,036,914	933,333	556,518	1,489,851	204%
	Stormwater	1,958,240	24,160	1,934,080	951,723	188,277	1,140,000	170%
2009	Water and Sewer	12,337,086	9,578,845	2,758,241	993,333	618,037	1,611,370	171%
	Stormwater	5,207,821	853,538	4,354,283	988,544	151,456	1,140,000	382%
2010	Water and Sewer	13,310,978	9,736,224	3,574,754	775,000	568,787	1,343,787	266%
	Stormwater	2,005,549	431,716	1,573,833	1,026,073	113,927	1,140,000	138%
2011	Water and Sewer	13,304,028	10,100,338	3,203,690	810,000	526,450	1,336,450	240%
	Stormwater	2,006,694	302,150	1,704,544	1,065,836	74,164	1,140,000	150%

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

<sup>(2)</sup> Operating and Maintenance expenses exclude Depreciation and Interest.

<sup>(3)</sup> Added Stormwater Bonds in 2005.

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## PROPERTY VALUES AND CONSTRUCTION

## LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Total Estimated Actual Value Amounts in 000's <sup>(1)</sup></u>	<u>Single Family Units <sup>(2)</sup></u>	<u>Construction</u>	<u>Units</u>	<u>Multi- Family Construction</u>	<u>Units</u>	<u>Commercial Construction</u>	<u>Total Construction</u>
2002	\$ 2,664,225	225	\$ 33,835,617	501	\$ 61,591,812	9	\$ 31,609,649	\$ 127,037,078
2003	2,766,000	325	50,061,500	537	83,088,805	5	24,268,891	157,419,196
2004	3,015,420	278	48,538,234	1335	168,263,252	27	18,750,793	235,552,279
2005	3,139,826	334	52,556,053	1498	164,932,445	120	15,983,819	233,472,317
2006	4,248,137 <sup>(3)</sup>	317	82,308,395	1190	220,231,483	488	73,666,454	376,206,332
2007	4,699,320	201	57,374,305	730	159,950,167	14	24,101,710	241,426,182
2008	5,198,002	125	36,424,451	12	2,105,249	18	12,943,211	51,472,911
2009	5,913,701	115	29,849,672	11	9,828,033	4	4,069,068	43,746,773
2010	5,875,944	128	59,769,116	12	11,280,593	8	4,910,767	45,960,476
2011	6,308,000	144	33,999,105	59	7,740,133	5	1,764,856	43,504,094

<sup>(1)</sup> Estimated actual value - Horry County Assessment Office.

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

<sup>(3)</sup> Horry County reassessment.

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

<u>Calendar Year</u>	<u>Population</u>	<u>Total Personal Income (amounts in thousands)</u>	<u>Per Capita Personal Income</u> <sup>(1)</sup>	<u>Horry County Unemployment Rate</u> <sup>(2)</sup>
2002	11,403	\$ 325,909	\$ 28,581	4.4%
2003	11,642	342,333	29,405	5.3%
2004	11,886	364,306	30,650	5.2%
2005	12,135	387,143	31,903	4.8%
2006	12,389	411,402	33,207	4.7%
2007	12,648	437,181	34,565	4.3%
2008	12,912	464,575	35,979	5.6%
2009	13,182	493,686	37,452	12.1%
2010	13,458	524,621	38,985	10.3%
2011	13,740	557,494	40,575	10.5%

2009				
<u>INCOME</u>	<u>Horry County</u>		<u>North Myrtle Beach</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
\$0 - \$10,000	8,000	7.5%	425	5.4%
10,000 - 14,999	6,989	6.5%	286	3.6%
15,000 - 24,999	14,009	13.1%	993	12.6%
25,000 - 34,999	14,155	13.3%	860	10.9%
35,000 - 49,999	18,692	17.5%	1,359	17.2%
50,000 - 74,999	20,613	19.3%	1,640	20.8%
75,000 - 99,999	11,511	10.8%	878	11.1%
100,000 - 149,999	8,173	7.7%	923	11.7%
150,000 - 199,999	2,230	2.1%	352	4.5%
200,000 and over	2,361	2.2%	172	2.2%
Totals	106,733	100.0%	7,888	100.0%

Median Household Income:	\$42,642	\$50,264
Per Capita Income:	\$24,790	\$34,896
Average Household Size	2.31	1.95

NOTE: North Myrtle Beach population figures for 2002 through 2011 are calculated using the previous year's growth rate due to the fact that no published figures are available for these years.

<sup>(1)</sup> Based on 2010 Census.

<sup>(2)</sup> County information per S.C. Employment Security Commission.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PRINCIPAL EMPLOYERS

Largest Employers in NMB - 2011 and 2006

<u>Rank</u>	<u>Employer</u>	<u>2011 # of Employees</u>	<u>2006 # of Employees</u>
1	Wal-Mart	450	403
2	City of North Myrtle Beach	420	360
3	Wyndham Sales & Marketing	332	
4	House of Blues	230	160
5	Avista	199	
6	Boulineau's Inc.	180	250
7	Wyndham Resort	155	
8	Bi-Lo (2 stores)	145	115
9	Lowes	137	100
10	Beach Cove	127	100
11	Baywatch Resort	120	
12	Cracker Barrell	111	
13	Barefoot Resort Golf	100	
14	Alabama Theatre	100	100
15	T-Bonz	100	
16	Home Depot	87	109
17	Carrabba's	85	
18	Outback	69	
19	K & W Cafeteria	60	
20	Food Lion (1 Store)	45	85

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

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

Source: North Myrtle Beach Revenue Division

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

Employees by Function/Program	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Governmental Activities:</u>										
General Government										
Legislative	8	8	8	8	8	8	8	8	8	8
Administrative	14	14	14	14	14	11	10.5	10.5	9.5	8.5
City Court	5.5	5.5	5.5	5.5	5.5	5	5	4	4	4
Information Services	6	6	6	6	6	5	5	4	4	4
Finance										
Accounting/Revenue	12	12	12	12	10	9.5	9.5	9.5	9	9
Public Safety										
Administration	10	10	12	12	11	11	12	12	13	12
Detectives	9.5	9.5	9.5	10.5	10.5	10.5	10.5	9.5	9.5	9.5
Public Safety & Fire Officials	144	144	141	132	129	125.5	118.5	113.5	112.5	111.5
Planning & Community Development										
Administration	10	10	10	10	10	10	10	9	8	8
Inspection Services	9	9	11	11	11	9	7	7	8	8
Public Works										
Streets / Drainage	19	19	19	19	18	18	17	17	17	17
Parks and Recreation										
Parks & Grounds	13	13	13	13	12	11	10.5	10.5	10	9
Other Recreation Activities	8.8	7	7	7	6.5	6.5	6.5	6.5	6	6
Support Services										
Purchasing	7	7	7	7	7	7	6	6	6	5
Fleet Maintenance	6	6	6	6	5	5	5	5	5	5
Custodial & Facility Maintenance	8	5	5	5	4	4	4	4	4	3
<u>Business-type Activities:</u>										
Parks and Recreation										
Aquatic & Fitness Center	24	26.6	27.6	25.5	27	22	-	-	-	-
Beach Services	41.1	44.5	48	57.8	14	-	-	-	-	-
Water & Sewer Utility										
Administration	12.75	12.75	12.75	12.75	12	12	12	12	11.5	11
Wastewater Treatment	6	6	6	6	6	6	6	5	5	5
Wells/Lifts Maintenance	9	9	9	9	9	9	9	9	9	8
Construction Maintenance	19	19	21	19	19	17	17	17	17	14
Solid Waste Utility										
Administration	4.25	4.25	4.25	4.25	4	4	4	4	4	3.5
Sanitation Services	<u>29</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>26</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>24</u>
GRAND TOTALS	<u>434.9</u>	<u>436.1</u>	<u>443.6</u>	<u>441.3</u>	<u>387.5</u>	<u>352</u>	<u>318</u>	<u>308</u>	<u>305</u>	<u>293</u>

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## MISCELLANEOUS STATISTICAL DATA

June 30, 2011

Date of Incorporation	May 7, 1968
Form of Government	Council/Manager
Area - Square Miles	19
Miles of Shoreline on the Atlantic Ocean	9

WATER & SEWER SYSTEM

Number of Customer Billings for FY 2011	149,758
Daily Pumping Capacity - Gallons	13,200,000
Greatest Pumpage for a Single Day	8,750,000
Maximum Filtration Plant Capacity Per Day - Gallons	14,200,000
Maximum Wells Capacity Per Day - Gallons	2,000,000
Maximum Wastewater Capacity	10,400,000
Greatest Wastewater Treatment Day	8,020,000

PUBLIC SAFETY

Number of Stations	5
Annual Police Calls	32,429
Annual Fire Calls	3,684
Traffic Stops	7,010
Arrests	2,780

BUILDING

Permits Issued	2,531
Estimated Cost of Construction	\$70,178,866
Inspections	7,720

SOLID WASTE

Garbage - Tons	11,716
Construction Debris - Tons	771
Yard Waste - Tons	4,114
Recycling - Tons	1,612

AQUATIC & FITNESS CENTER

Member Packages	2,149
Members	3,656

BEACH SERVICES

Lifeguard Stands	46
Rental Boxes	48
Mobile Carts	16