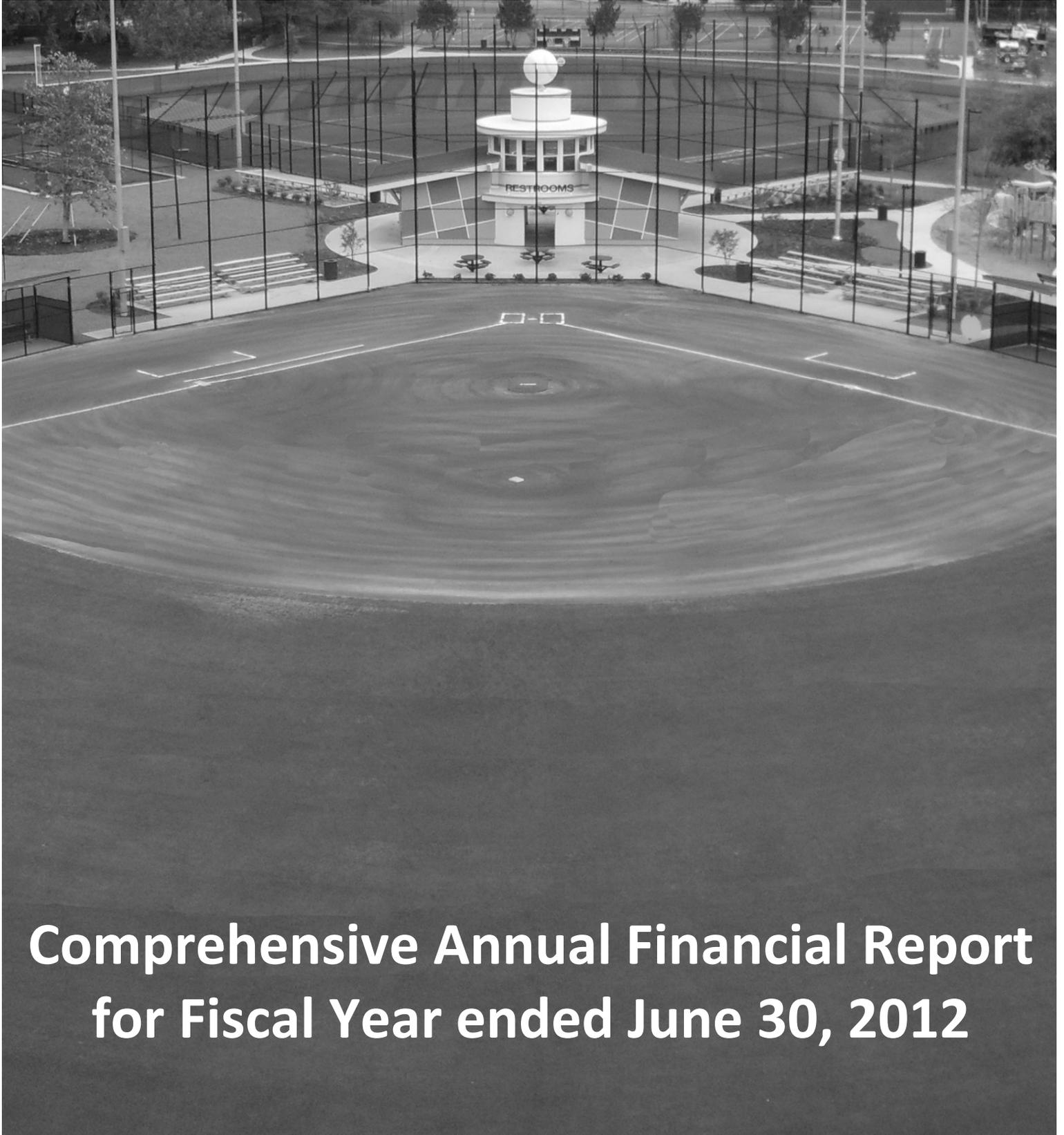


The City of North Myrtle Beach South Carolina



**Comprehensive Annual Financial Report
for Fiscal Year ended June 30, 2012**

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

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

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	i
Certificate of Achievement for Excellence	
Financial Reporting.....	iv
List of Principal Officials	v
Organizational Charts	vi

FINANCIAL SECTION

Report of Independent Auditor	1-2
Management's Discussion and Analysis.....	3-8

AUDITED BASIC FINANCIAL STATEMENTS

<u>Government-Wide</u>	
Statement of Net Assets	9
Statement of Activities.....	10
<u>Governmental Funds</u>	
Balance Sheet	11
Statement of Revenue, Expenditures and Changes in Fund Balances	12-13
<u>Business-type Activities</u>	
Balance Sheet – Proprietary Funds	14-15
Statement of Revenue, Expenses and Changes in Net Assets – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17-18
<u>Fiduciary Activities</u>	
Statement of Fiduciary Net Assets	19
Statement of Changes in Fiduciary Net Assets	20
Notes to Financial Statements	21-52

REQUIRED SUPPLEMENTARY INFORMATION

(Other than Management's Discussion and Analysis)	
Budgetary Comparison Schedule – General Fund.....	53-55
Other Post-Employment Benefits – Schedule of Funding Progress	56

— CONTINUED —

OTHER FINANCIAL INFORMATION

COMBINING 'NON-MAJOR' GOVERNMENTAL FINANCIAL STATEMENTS

Combining Balance Sheet – Non-Major Governmental Funds	57
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	58

INDIVIDUAL FUND FINANCIAL STATEMENTS

General Fund

General Fund – Balance Sheet	59-60
General Fund – Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	61-68

Special Revenue Funds

Combining Balance Sheet – Special Revenue Funds	69
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Special Revenue Funds	70

Accommodations 2% Tax Fund

Accommodations 2% Tax Fund – Balance Sheet	71
Accommodations 2% Tax Fund – Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	72

Local Accommodations (1.5%) Tax

Local Accommodations (1.5%) Tax Fund – Balance Sheet	73
Local Accommodations (1.5%) Tax Fund – Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	74

Hospitality (1%) Fee Fund

Hospitality (1%) Fee Fund – Balance Sheet	75
Hospitality (1%) Fee Fund – Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	76

Debt Service Fund

Stormwater Bonds – Balance Sheet	77
Stormwater Bonds – Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	78
Park Bonds – Balance Sheet	79
Park Bonds – Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	80

Capital Projects Funds

Combining Balance Sheet – Capital Projects Funds	81
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Capital Projects Funds	82

Capital Improvement Fund

Capital Improvement Fund – Balance Sheet	83
Capital Improvement Fund – Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	84

Street Improvement Fund

Street Improvement Fund – Balance Sheet	85
Street Improvement Fund – Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	86

Beach Renourishment Fund

Beach Renourishment Fund – Balance Sheet	87
Beach Renourishment Fund – Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	88

OTHER FINANCIAL INFORMATION (CONTINUED)
INDIVIDUAL FUND FINANCIAL STATEMENTS (CONTINUED)

Capital Projects Funds (Continued)

Park Development Fund
 Park Development Fund – Balance Sheet..... 89
 Park Development Fund – Schedule of Revenue,
 Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual..... 90

Stormwater Fund
 Stormwater Fund – Balance Sheet 91
 Stormwater Fund – Schedule of Revenue,
 Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual..... 92

Enterprise Funds

Water and Sewer Utility Fund
 Water and Sewer Utility Fund – Balance Sheet..... 93
 Water and Sewer Utility Fund – Schedule of Revenue, Expenses and
 Changes in Net Assets – Budget and Actual..... 94-96

Solid Waste Fund
 Solid Waste Fund – Balance Sheet 97
 Solid Waste Fund – Schedule of Revenue, Expenses and
 Changes in Net Assets – Budget and Actual..... 98-99

Aquatic Center Fund
 Aquatic Center Fund – Balance Sheet 100
 Aquatic Center Fund – Schedule of Revenue, Expenses and
 Changes in Net Assets – Budget and Actual..... 101-102

Beach Service Fund
 Beach Service Fund – Balance Sheet..... 103
 Beach Service Fund – Schedule of Revenue, Expenses and
 Changes in Net Assets – Budget and Actual..... 104-105

Internal Service Funds

Insurance Reserves
 Insurance Reserves – Balance Sheet..... 106
 Insurance Reserves – Schedule of Revenue, Expenses and
 Changes in Net Assets – Budget and Actual..... 107-109

Fiduciary Funds

Pension Trust Funds – Money Purchase Retirement Plan #1 –
 Statement of Plan Net Assets 110
 Pension Trust Funds – Money Purchase Retirement Plan #1 –
 Statement of Changes in Plan Net Assets 111
 Pension Trust Funds – Money Purchase Retirement Plan #2 –
 Statement of Plan Net Assets 112
 Pension Trust Funds – Money Purchase Retirement Plan #2 –
 Statement of Changes in Plan Net Assets 113
 Agency Funds – Firemen’s Fund – Statement of Changes in Assets and Liabilities..... 114

Capital Assets Used in Operations of Governmental Funds

Schedule of Capital Assets Used in Operations of Governmental Funds by Source..... 115

Victims’ Rights Program

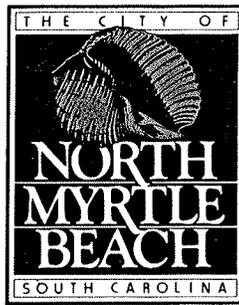
Schedule of Court Fines, Assessments and Surcharges..... 116

STATISTICAL SECTION (Unaudited and not covered by the Report of Independent Auditor)

Net Assets by Component – Last Ten Fiscal Years	117
Changes in Net Assets – Last Ten Fiscal Years	118-119
Program – Revenue by Function or Component – Last Ten Fiscal Years	120
Fund Balances – Governmental Funds – Last Ten Fiscal Years.....	121
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years.....	122-123
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years ...	124
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	125
Principal Property Tax Payers – Years 2012 and 1997	126
Property Tax Levies and Collection – Last Ten Fiscal Years	127
Ratios of Outstanding Long-Term Debt by Type – Last Ten Fiscal Years.....	128
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	129
Direct and Overlapping Governmental Activities Debt	130
Legal Debt Margin Information	131
Pledged Revenue – Revenue Bond Coverage Water and Sewer	
Enterprise Fund and Storm Water Drainage Fund – Last Ten Fiscal Years.....	132
Property Values and Construction – Last Ten Fiscal Years	133
Demographic and Economic Statistics	134
Principal Employers	135
Full-Time Equivalent City Government Employees by Function/Program	136
Capital Assets Statistics by Function/Program.....	137

INTRODUCTORY SECTION

CITY OF NORTH MYRTLE BEACH



December 17, 2012

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, 2012. 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, 2012, are fairly presented in accordance with GAAP.

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

PROFILE OF THE GOVERNMENT

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

on May 7, 1968. The charter provides for a Council-Manager form of government. Legislative authority is vested in the Mayor and six Council members; provided, one council member shall be a resident of the Crescent Beach Ward, one a resident of the Cherry Grove Ward, one a resident of the Ocean Drive Ward, and one a resident of the Windy Hill Ward. The terms of office are for four years each. The present term for council members from the Cherry Grove and Crescent Beach Wards will expire during November 2015. 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 2013 while the other will be November 2015. 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 53 through 55 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 2011 level. Indicators such as water usage, hospitality fees, and accommodations tax receipts are growing about 2% 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 \$24,521,881 of permitted construction for residential has occurred over the first five months of FY 2013. This represents an increase of 21% over 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 160 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 March of 2014. Commercial development is currently being planned next to the new park.

General Fund Revenues are projected to remain stable through 2013. An additional bond issue is projected for the summer of 2013. 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 significant hit since 2009, 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, and some slow growth through 2013.

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, 2011. 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 2012.

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 Richardson 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, 2011

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. Danison

President

Jeffrey R. Enow

Executive Director

City of North Myrtle Beach, South Carolina

PRINCIPAL OFFICIALS

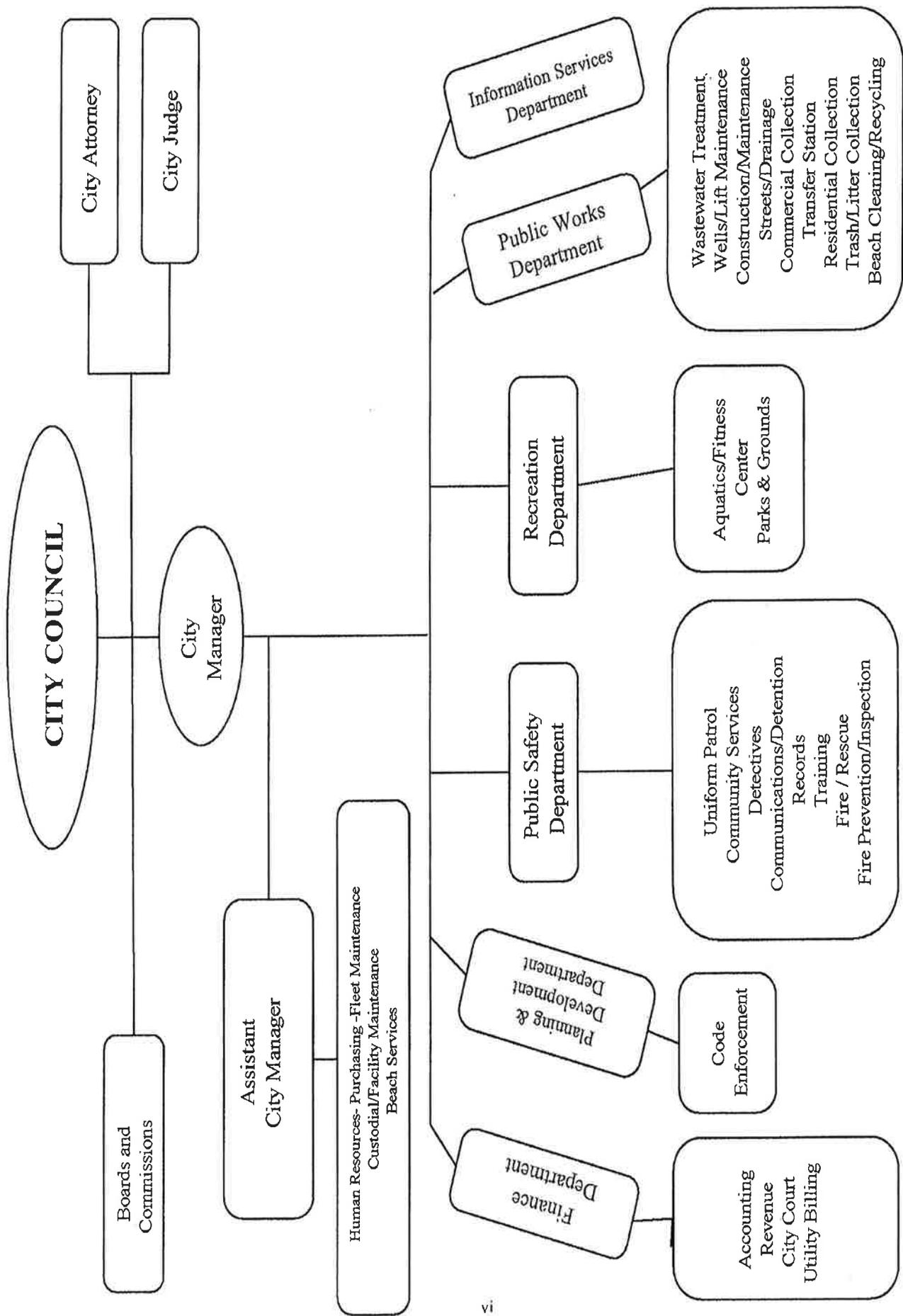
June 30, 2012

Elected

MayorMarilyn B. Hatley
Councilmember, Cherry Grove Ward Fred Coyne
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 ManagerMichael G. Mahaney
Assistant City ManagerSteven E. Thomas
Finance DirectorRandy J. Wright
Information Services Director Patrick Wall, Jr.
Parks and Recreation DirectorJohn W. Bullard
Planning and Development DirectorJames W. Wood
City Engineer/Public Works DirectorKevin 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

121 EXECUTIVE CENTER DRIVE, SUITE 206, COLUMBIA, SOUTH CAROLINA 29210
POST OFFICE BOX 1960, COLUMBIA, SOUTH CAROLINA 29202
FAX: (803) 216-9498

Columbia
Phone: (803) 772-5300

Myrtle Beach/Conway
Phone: (843) 488-5301

REPORT OF INDEPENDENT AUDITOR

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Myrtle Beach, South Carolina (the "City"), as of and for the year ended June 30, 2012, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

— CONTINUED —



My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's 2012 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 2012 individual fund financial statements and schedules has been derived from the City's 2011 audited financial statements, and in my report dated December 11, 2011, 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.

A handwritten signature in black ink, reading "Robert E. McElhenny, CPA, P.A." The signature is written in a cursive style with a large, sweeping initial "R".

December 10, 2012
Columbia, South Carolina

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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, 2012. 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, 2012 were \$224.3 million and exceeded total liabilities by \$179.5 million. Of the total net assets at June 30, 2012, \$39.2 million were unrestricted and available to support short term operations of the City.

Per the Government-Wide Statement of Activities, the City's total net assets increased by \$5.1 million for the year ended June 30, 2012. The Governmental Activities contributed \$4,322,226 and the Business-type Activities contributed \$775,645 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. Internal service fund of the City's health insurance reserves and claims expense is accounted for prorata in both Governmental Activities and Business-type Activities.

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 – 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.

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.

Internal Service Funds are used to account for activity of providing goods and services to other funds and departments of the City on a cost-reimbursement basis. The City uses its Internal Service Fund to account for resources and expenses related to the City's risk financing activities of employee and retiree/non-employee health costs.

Notes to 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, 2012 (with comparative amounts of June 30, 2011) 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	
	2012	2011	2012	2011	2012	2011
Assets:						
Cash and cash equivalents:						
Unrestricted	\$ 16,857	\$ 10,545	\$ 12,420	\$ 8,997	\$ 29,277	\$ 19,542
Restricted	12,570	697	4,721	6,312	17,291	7,009
Other current assets	7,082	7,161	515	(434)	7,597	6,727
Capital assets, net of accumulated depreciation	76,506	76,471	80,541	82,194	157,047	158,665
Deferred charges, net of accumulated amortization	—	—	13,046	13,928	13,046	13,928
Total assets	\$ 113,015	\$ 94,874	\$ 111,243	\$ 110,997	\$ 224,258	\$ 205,871
Liabilities:						
Current liabilities	\$ 4,727	\$ 3,773	\$ 5,421	\$ 4,886	\$ 10,148	\$ 8,659
Long term liabilities	20,441	7,577	14,201	15,265	34,642	22,842
Total liabilities	25,168	11,350	19,622	20,151	44,790	31,501
Net assets:						
Net invested in capital assets	57,864	70,692	74,694	75,858	132,558	146,550
Restricted	4,571	4,365	3,058	4,685	7,629	9,050
Unrestricted	25,412	8,467	13,869	10,303	39,281	18,770
Total net assets	\$ 87,847	\$ 83,524	\$ 91,621	\$ 90,846	\$ 179,468	\$ 174,370

Governmental Activities – For 2012, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$36.5 million, or 32.3% of the total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$76.5 million 67.7% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$4.7 million 18.8% of the respective total. Long-term (non-current) liabilities totaled \$20.4 million, or 81.2% of the respective total.

Business-type Activities – For 2012, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$17.7 million, or 15.9% of the respective total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$93.6 million, or 84.1% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$5.4 million, or 27.6% of the respective total. Long-term (non-current) liabilities totaled \$14.2 million, or 72.4% 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, 2012 total assets exceeded total liabilities by \$179.5 million at the end of June 30, 2012 (or \$87.9 million for Governmental Activities and \$91.6 million for Business-type activities.)

By far the largest portion (\$132.6 million, or 73.8%) of the City's 2012 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 2012 restricted net assets (totaling \$7.6 million or 4.3% of total net assets) consist of \$4.6 million in Governmental Activities and \$3.0 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* (\$25.4 million Governmental Activities and \$13.9 million Business-type Activities, for a total of \$39.3 million, or 21.9% of total net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The City's components of changes in net assets for FY 2012 and FY 2011 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue:						
Program Revenue:						
Charges for services	\$ 3,280	\$ 3,189	\$ 19,399	\$ 18,947	\$ 22,679	\$ 22,136
Operating grants and contributions	1,134	2,919	—	—	1,134	2,919
Capital grants and contributions	2,456	645	1,151	1,313	3,607	1,958
General revenue:						
Property taxes	13,953	11,774	—	—	13,953	11,774
State shared and other taxes	14,594	14,047	—	—	14,594	14,047
Investment earnings	38	13	87	141	125	154
Other	(261)	476	302	218	41	694
Total revenue	35,194	33,063	20,939	20,619	56,133	53,682
Expenses:						
General government	2,207	2,441	—	—	2,207	2,441
Finance	794	853	—	—	794	853
Information services	631	553	—	—	631	553
Public safety	12,462	12,256	—	—	12,462	12,256
Planning and development	1,528	1,575	—	—	1,528	1,575
Public works	4,872	6,142	—	—	4,872	6,142
Parks and recreation	4,575	4,016	—	—	4,575	4,016
Support services	2,143	884	—	—	2,143	884
Interest on general long-term debt	495	176	—	—	495	176
Water and Sewer Utility	—	—	13,449	13,599	13,449	13,599
Solid Waste	—	—	3,734	3,672	3,734	3,672
Aquatic Center	—	—	2,185	2,167	2,185	2,167
Beach Service	—	—	1,960	1,887	1,960	1,887
Total expenses	29,707	28,896	21,328	21,325	51,035	50,221
Changes in net assets before transfers	5,487	4,167	(389)	(706)	5,098	3,461
Transfers	(1,164)	(1,083)	1,164	1,083	—	—
Change in net assets	4,323	3,084	775	377	5,098	3,461
Net Assets – beginning of year	83,524	80,440	90,846	90,469	174,370	170,909
Net Assets – end of year	\$ 87,847	\$ 83,524	\$ 91,621	\$ 90,846	\$ 179,468	\$ 174,370

Of total net assets at June 30, 2012, \$87.8 million (and \$83.5 million at June 30, 2011) represents net assets of the City's Governmental Activities, and \$91.6 million (and \$90.8 million in 2011) represents total net assets of the City's Business-type Activities. At the end of fiscal years 2012 and 2011, the City is able to report 'positive' changes in net assets even with the continued implementation of GASB Statement #45, *Other Post-Employment Benefits Other Than Pensions* (OPEB). Total OPEB liability and related expenses equaled \$4.2 million at June 30, 2012 (represented by \$3.2 million in Governmental Activities and \$1.0 million in Business-type Activities). Additional information on the City's OPEB can be found in *Note 13* of this report. The increase in net assets for Governmental Activities was a result of modest increases in general revenues (property taxes and accommodation/hospitality taxes) and street improvement grants. Increase in Business-type Activities net assets resulted primarily in increases in transferred amounts from Accommodation (2%) Tax Special Revenue Fund and Local Accommodations (1.5%) Tax Special Revenue Fund to various Enterprise Funds.

Government-Wide Financial Analysis (Continued)

Expenses and Program Revenues – Governmental Activities

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

(amounts shown in thousands)

	Expenses	Total Program Revenue	Net Expenses	% Funded by Program Revenue	% Required to Funded by General Revenue
General govt. admin.	\$ (2,207)	\$ 1,293	\$ (914)	58.6%	41.4%
Finance	(794)	—	(794)	—	—
Information services	(631)	—	(631)	—	—
Public safety	(12,462)	956	(11,506)	7.7	92.3
Planning and development	(1,528)	377	(1,151)	24.7	75.3
Public works	(4,872)	3,950	(922)	81.1	18.9
Parks and recreation	(4,575)	294	(4,281)	6.4	93.6
Support services	(2,143)	—	(2,143)	—	—
Debt service interest	(495)	—	(495)	—	—
Totals	\$ (29,707)	\$ 6,870	\$ (22,837)	23.1%	76.9%

The City continues to allocate its depreciation of capital assets to the City's functions, (see Note 6). In 2012, General Revenues (76.6%) were required to fund Governmental Activity expenses (as compared to 80.4% in 2011) and were as follows:

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

Property taxes	\$ 13,953
Accommodations/hospitality taxes	7,162
State shared taxes – unrestricted	920
Licenses and franchise taxes	6,512
Investment earnings	38
Other revenues	(261)
Total general revenue before transfers	<u>\$ 28,324</u>

Fund Financial Analysis

General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$21.2 million, and achieved actual revenues of \$22.0 million or within budget. Final expenditures budgeted for the General Fund were \$23.1 million with actual expenditures of \$23.1 million, before other financing sources and uses. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$1.9 million, with the actual deficiency equaling \$1.1 million. However, after considering Other Financing Sources and Uses, the General Fund had an increase of \$1,210,189 in fund balance.

For 2012, 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 \$2.3 million more transferred in than out, primarily due to increases in both Accommodations 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 \$964,441 for the year ended June 30, 2012. Due to the economic decline in construction and related developer fees and other capital contributions, the Utility Fund realized an overall increase in net assets of \$80,375.

The City's Solid Waste Enterprise Fund has been operating for a number of years and achieved a net operating income of \$280,010 for the year ended June 30, 2012. After a transfers from the Accommodations (2%) Tax Fund of \$149,814, the change in net assets increased by \$433,902.

The City's Aquatic Center Enterprise Fund, in its eighth year of operations, incurred a net operating loss of \$121,260. After recognizing \$231,697 in net non-operating expense, plus a \$552,957 transfer from the Local Accommodations (1.5%) Tax Fund, the change in net assets of the Aquatic Center totaled a positive \$200,000.

The City's Beach Service Enterprise Fund, in its sixth year of operations, incurred a net operating loss of \$330,011. After recognizing \$461,471 in transfers from the Accommodations (2%) Tax Fund and the Local Accommodations (1.5%) Tax Fund, the change in net assets of Beach Service totaled \$138,647, the first positive gain since its inception.

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, 2012, 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 purchases of budgeted capital assets since revenues came in at budget. Overall capital is in very good condition and any deferrals from prior years have 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 \$31.4 million. Of this amount, \$17.1 million comprises debt backed by the full faith and credit of the City government, and \$.3 million backed by certain governmental fees and taxes associated with Stormwater Drainage Capital Project Fund. Enterprise Fund revenue-backed long-term debt consists of 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.

During 2012, the City issued \$15 million in G.O. Bonds for Park Development Capital Project Fund, a major fund of the City. The new park and sports complex will encompass 160 acres and include numerous sports-related fields and park activities. City tax millage was increased 6 mils in order to provide funding for this debt.

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, 2012

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,061,334	\$ 7,299,810	\$ 10,361,144
Equity in pooled cash and cash equivalents	13,795,447	5,120,652	18,916,099
Receivables, net	1,764,930	2,402,834	4,167,764
Due from other governments	2,106,248	267,713	2,373,961
Internal balances, net	2,932,605	(2,932,605)	—
Inventories and prepaids	274,416	495,526	769,942
Restricted assets:			
Cash and cash equivalents	12,311,342	3,566,561	15,877,903
Equity in pooled cash and cash equivalents	258,352	1,154,555	1,412,907
Deposits held by others	5,136	281,622	286,758
Total current assets	<u>36,509,810</u>	<u>17,656,668</u>	<u>54,166,478</u>
Non-currents assets:			
Capital assets not subject to depreciation	17,697,183	2,728,008	20,425,191
Capital assets, net of depreciation	58,808,518	77,812,684	136,621,202
Deferred charges, net	—	13,045,581	13,045,581
Total non-current assets	<u>76,505,701</u>	<u>93,586,273</u>	<u>170,091,974</u>
Total Assets	<u>\$ 113,015,511</u>	<u>\$ 111,242,941</u>	<u>\$ 224,258,452</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 950,386	\$ 1,379,353	\$ 2,329,739
Accrued payroll and related taxes	536,011	339,721	875,732
Accrued interest payable	203,527	142,684	346,211
Due to other governments	8,982	—	8,982
Bonds, contracts and notes payable – current portion	2,499,221	1,296,547	3,795,768
Insurance reserves and claims payable	222,990	70,418	293,408
Unearned revenue	—	247,231	247,231
Liabilities payable from restricted assets	306,491	1,944,456	2,250,947
Total current liabilities	<u>4,727,608</u>	<u>5,420,410</u>	<u>10,148,018</u>
Long-term (non-current) liabilities:			
Accrued compensated absences	1,114,977	368,984	1,483,961
General obligation bonds payable	16,143,165	—	16,143,165
Contracts payable	—	7,348,333	7,348,333
Note payable	—	5,454,780	5,454,780
Other post-employment benefits (OPEB)	3,183,127	1,029,029	4,212,156
Total long-term liabilities	<u>20,441,269</u>	<u>14,201,126</u>	<u>34,642,395</u>
Total liabilities	<u>25,168,877</u>	<u>19,621,536</u>	<u>44,790,413</u>
Net assets:			
Invested in capital assets, net of related debt	57,863,315	74,694,365	132,557,680
Restricted for:			
Insurance reserves and deposits	98,206	31,012	129,218
Public safety assistance	508,682	—	508,682
Public works projects	3,680,770	—	3,680,770
Tourism related	283,300	—	283,300
Future capacity of utility	—	3,027,270	3,027,270
Unrestricted	25,412,361	13,868,758	39,281,119
Total net assets	<u>87,846,634</u>	<u>91,621,405</u>	<u>179,468,039</u>
Total Liabilities and Net Assets	<u>\$ 113,015,511</u>	<u>\$ 111,242,941</u>	<u>\$ 224,258,452</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

	Primary Government				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fees for Services	Program Revenue Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions and Programs							
Governmental Activities:							
General government admin.	\$ (2,207,219)	\$ 159,499	\$ 1,133,814	\$ —	\$ (913,906)	\$ —	\$ (913,906)
Finance	(794,118)	—	—	—	(794,118)	—	(794,118)
Information Services	(630,853)	—	—	—	(630,853)	—	(630,853)
Public safety	(12,461,512)	519,518	—	436,092	(11,505,902)	—	(11,505,902)
Planning and development	(1,528,413)	377,340	—	—	(1,151,073)	—	(1,151,073)
Public works	(4,872,278)	2,015,260	—	1,934,490	(922,528)	—	(922,528)
Parks and recreation	(4,574,828)	208,409	—	85,500	(4,280,919)	—	(4,280,919)
Support services	(2,143,354)	—	—	—	(2,143,354)	—	(2,143,354)
Debt service – interest	(494,544)	—	—	—	(494,544)	—	(494,544)
Total governmental activities	<u>(29,707,119)</u>	<u>3,280,026</u>	<u>1,133,814</u>	<u>2,456,082</u>	<u>(22,837,197)</u>	<u>—</u>	<u>(22,837,197)</u>
Business-type Activities:							
Water and Sewer Utility	(13,449,246)	11,958,083	—	1,151,020	—	(340,143)	(340,143)
Solid Waste	(3,733,699)	3,988,980	—	—	—	255,281	255,281
Aquatic Center	(2,185,319)	1,822,158	—	—	—	(363,161)	(363,161)
Beach Service	(1,959,723)	1,629,712	—	—	—	(330,011)	(330,011)
Total business-type activities	<u>(21,327,987)</u>	<u>19,398,933</u>	<u>—</u>	<u>1,151,020</u>	<u>—</u>	<u>(778,034)</u>	<u>(778,034)</u>
Total functions and programs	<u>\$(51,035,106)</u>	<u>\$ 22,678,959</u>	<u>\$ 1,133,814</u>	<u>\$ 3,607,102</u>	<u>(22,837,197)</u>	<u>(778,034)</u>	<u>(23,615,231)</u>
General Revenue and Transfers							
General Revenue:							
Property taxes					13,953,240	—	13,953,240
Accommodations and hospitality taxes					7,161,692	—	7,161,692
State shared taxes – unrestricted					920,270	—	920,270
Business licenses and franchise taxes					6,511,619	—	6,511,619
Unrestricted investment earnings					37,589	86,779	124,368
Miscellaneous					(260,745)	302,658	41,913
Transfers:							
Transfers in/(out)					(1,164,242)	1,164,242	—
Total general revenue and transfers					<u>27,159,423</u>	<u>1,553,679</u>	<u>28,713,102</u>
Changes in net assets					4,322,226	775,645	5,097,871
Net Assets – beginning of year					83,524,408	90,845,760	174,370,168
Net Assets – end of year					<u>\$ 87,846,634</u>	<u>\$ 91,621,405</u>	<u>\$ 179,468,039</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

	General Fund	Stormwater Drainage Fund	Park Development Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,061,334	\$ —	\$ —	\$ —	\$ 3,061,334
Equity in pooled cash and cash equivalents	3,558,507	5,195,408	1,450,777	3,016,146	13,220,838
Receivables, net	821,714	128,120	—	815,096	1,764,930
Due from other funds	3,878,815	—	—	—	3,878,815
Due from other governments	256,731	—	—	1,849,517	2,106,248
Inventories and prepaids	274,416	—	—	—	274,416
Restricted assets:					
Cash and cash equivalents	486,783	—	11,731,489	—	12,218,272
Equity in pooled cash and cash equivalents	258,352	—	—	—	258,352
Total assets	\$ 12,596,652	\$ 5,323,528	\$ 13,182,266	\$ 5,680,759	\$ 36,783,205
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 452,390	\$ —	\$ 44,175	\$ 453,821	\$ 950,386
Accrued payroll and related taxes	536,011	—	—	—	536,011
Due to other funds	—	—	—	946,210	946,210
Due to other governments	8,982	—	—	—	8,982
Payable from restricted assets	306,491	—	—	—	306,491
Total liabilities	1,303,874	—	44,175	1,400,031	2,748,080
Fund balances:					
Non-spendable	274,416	—	—	—	274,416
Restricted by others	508,682	3,000,000	—	964,070	4,472,752
Committed by ordinance	392,500	2,237,295	—	236,402	2,866,197
Assigned by management	—	—	13,138,091	2,218,454	15,356,545
Unassigned reported in:					
General Fund	10,117,180	—	—	—	10,117,180
Capital Projects Funds	—	86,233	—	861,802	948,035
Total fund balances	11,292,778	5,323,528	13,138,091	4,280,728	34,035,125
Total liabilities and fund balances	\$ 12,596,652	\$ 5,323,528	\$ 13,182,266	\$ 5,680,759	

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.	76,505,701
Internal service funds are used by management to charge the costs of health insurance to individual funds and are not reported in these funds.	(244,717)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	(22,449,475)
Net Assets, end of year – Governmental Activities	\$ 87,846,634

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, 2012

	General Fund	Stormwater Drainage Fund	Park Development Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 11,796,280	\$ —	\$ —	\$ 2,156,960	\$ 13,953,240
Licenses and permits	6,888,599	—	—	—	6,888,599
Fines and forfeitures	409,166	—	—	—	409,166
Use of money and property	161,221	6,238	19,915	12,223	199,597
Unrestricted intergovernmental	920,270	—	—	—	920,270
Restricted intergovernmental	521,592	—	—	9,096,182	9,617,774
Sales and service charges	374,643	2,009,761	—	360	2,384,764
Miscellaneous	909,664	—	—	214,150	1,123,814
Total revenue	21,981,435	2,015,999	19,915	11,479,875	35,497,224
Expenditures					
Current:					
General government administration	2,065,118	—	—	—	2,065,118
Finance	739,739	43,386	—	—	783,125
Information services	496,118	—	—	—	496,118
Public safety	11,652,613	—	—	—	11,652,613
Planning/development	1,506,101	—	—	—	1,506,101
Public works	2,095,441	—	—	—	2,095,441
Parks and recreation	2,418,134	760,537	—	1,275,056	4,453,727
Support services	829,777	—	—	—	829,777
Debt service	799,165	—	—	3,154,243	3,953,408
Capital outlay	467,187	—	341,842	4,266,600	5,075,629
Total expenditures	23,069,393	803,923	341,842	8,695,899	32,911,057
Excess (deficiency) of revenue over (under) expenditures	(1,087,958)	1,212,076	(321,927)	2,783,976	2,586,167
Other Financing Sources (Uses)					
Transfers in	4,448,147	14,157	—	4,108,117	8,570,421
Transfers (out)	(2,150,000)	(1,140,000)	(750,497)	(5,694,166)	(9,734,663)
Bond proceeds	—	—	16,496,381	—	16,496,381
Total other financing sources (uses)	2,298,147	(1,125,843)	15,745,884	(1,586,049)	15,332,139
Net change in fund balances	1,210,189	86,233	15,423,957	1,197,927	17,918,306
Fund balances, beginning of year	10,082,589	5,237,295	(2,285,866)	3,082,801	16,116,819
Fund balances, end of year	\$ 11,292,778	\$ 5,323,528	\$ 13,138,091	\$ 4,280,728	\$ 34,035,125

— 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	\$ 17,918,306
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.	34,241
Internal service funds are used by management to charge the costs of health insurance programs to individual funds. This is the amount allocated to Governmental Activities.	(244,717)
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.	(522,694)
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.	(12,862,910)
Change in net assets – Governmental Activities	\$ <u>4,322,226</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET
 PROPRIETARY FUNDS

JUNE 30, 2012

	Business-type Activities – Enterprise Funds					Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	
Assets						
Current assets:						
Cash and cash equivalents	\$ 7,292,809	\$ —	\$ 400	\$ 6,601	\$ 7,299,810	\$ —
Equity in pooled cash and cash equivalents	4,866,349	72,847	—	—	4,939,196	765,065
Receivables, net	2,087,487	253,399	12,977	48,971	2,402,834	—
Due from other funds	—	—	—	180,128	180,128	—
Due from others	267,713	—	—	—	267,713	—
Inventories	494,338	—	—	1,188	495,526	—
Restricted assets:						
Cash and cash equivalents	3,537,171	—	—	—	3,537,171	122,460
Equity in pooled cash and cash equivalents	1,154,555	—	—	—	1,154,555	—
Deposits with others	280,000	—	—	—	280,000	6,758
Total current assets	19,980,422	326,246	13,377	236,888	20,556,933	885,283
Non-current assets:						
Capital assets, not subject to depreciation	2,728,008	—	—	—	2,728,008	—
Capital assets, subject to depreciation	67,142,394	1,793,367	8,349,436	527,487	77,812,684	—
Total capital assets, net	69,870,402	1,793,367	8,349,436	527,487	80,540,692	—
Deferred charges, net	13,006,066	—	39,515	—	13,045,581	—
Total non-current assets	82,876,468	1,793,367	8,388,951	527,487	93,586,273	—
Total assets	\$102,856,890	\$ 2,119,613	\$ 8,402,328	\$ 764,375	\$114,143,206	\$ 885,283

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET
PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities – Enterprise Funds					Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 1,229,185	\$ 61,572	\$ 35,064	\$ 53,532	\$ 1,379,353	\$ —
Accrued payroll and related taxes	92,328	52,478	29,365	165,550	339,721	—
Due to other funds	—	—	50,851	3,061,882	3,112,733	—
Accrued interest payable	—	—	142,684	—	142,684	—
Contracts and note payable – current portion	905,000	—	391,547	—	1,296,547	—
Unearned revenue	—	—	247,231	—	247,231	—
Insurance reserves and claims payable	—	—	—	—	—	293,408
Liabilities payable from restricted assets	1,944,456	—	—	—	1,944,456	—
Total current liabilities	4,170,969	114,050	896,742	3,280,964	8,462,725	293,408
Long-term (non-current) liabilities:						
Accrued compensated absences	210,700	121,858	36,426	—	368,984	—
Contracts payable	7,348,333	—	—	—	7,348,333	—
Note payable	—	—	5,454,780	—	5,454,780	—
Other post-employment benefits (OPEB)	466,608	247,028	96,064	—	809,700	913,871
Total long-term liabilities	8,025,641	368,886	5,587,270	—	13,981,797	913,871
Total liabilities	12,196,610	482,936	6,484,012	3,280,964	22,444,522	1,207,279
Net assets:						
Invested in capital assets, net of related debt	69,870,402	1,793,367	2,503,110	527,487	74,694,366	—
Restricted for:						
Future capacity and deposits	3,027,270	—	—	—	3,027,270	—
Unrestricted (deficit)	17,762,608	(156,690)	(584,794)	(3,044,076)	13,977,048	(321,996)
Total net assets	90,660,280	1,636,677	1,918,316	(2,516,589)	91,698,684	(321,996)
Total liabilities and net assets	\$102,856,890	\$ 2,119,613	\$ 8,402,328	\$ 764,375	\$ 114,143,206	\$ 885,283

Some amounts reported for Business-type Activities in the Statement of Net Assets are different because certain Internal Service Fund assets and liabilities are included with Business-type Activities (see Note 15):

Net assets of Business-type Activities

See accompanying notes to financial statements.

(77,279)

\$ 91,621,405

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2012

	Business-type Activities – Enterprise Funds				Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service		
Operating Revenue						
Sales and service charges	\$ 11,958,083	\$ 3,988,980	\$ 1,822,158	\$ 1,629,712	\$ 19,398,933	\$ 3,601,900
Total operating revenue	<u>11,958,083</u>	<u>3,988,980</u>	<u>1,822,158</u>	<u>1,629,712</u>	<u>19,398,933</u>	<u>3,601,900</u>
Operating Expenses						
General government administration	993,809	196,925	75,842	121,742	1,388,318	1,451,970
Finance	709,658	100,721	27,900	69,750	908,029	204,421
Information services	252,263	50,453	16,818	25,226	344,760	32,899
Public safety	58,463	—	—	681,496	739,959	979,806
Planning/development	34,539	—	—	—	34,539	259,064
Public works	7,436,964	2,823,279	—	—	10,260,243	865,150
Parks and recreation	—	—	1,491,524	827,622	2,319,146	255,530
Support services	447,941	131,182	43,419	55,463	678,005	173,410
Depreciation and amortization	2,988,887	406,410	287,915	178,424	3,861,636	—
Total operating expenses	<u>12,922,524</u>	<u>3,708,970</u>	<u>1,943,418</u>	<u>1,959,723</u>	<u>20,534,635</u>	<u>4,222,250</u>
Operating income (loss)	<u>(964,441)</u>	<u>280,010</u>	<u>(121,260)</u>	<u>(330,011)</u>	<u>(1,135,702)</u>	<u>(620,350)</u>
Non-Operating Revenue (Expenses)						
Interest earned on investments	86,618	78	83	—	86,779	319
Interest expense	(481,900)	—	(234,173)	—	(716,073)	—
Non-operating program fees and other	—	—	5,829	—	5,829	298,035
Restricted intergovernmental	—	4,000	—	—	4,000	—
Tower rental and other	289,078	—	(3,436)	7,187	292,829	—
Total non-operating revenue (expenses)	<u>(106,204)</u>	<u>4,078</u>	<u>(231,697)</u>	<u>7,187</u>	<u>(326,636)</u>	<u>298,354</u>
Income (loss) before contributions and transfers	<u>(1,070,645)</u>	<u>284,088</u>	<u>(352,957)</u>	<u>(322,824)</u>	<u>(1,462,338)</u>	<u>(321,996)</u>
Capital Contributions						
Capital Contributions	1,151,020	—	—	—	1,151,020	—
Transfers – in (out)						
Transfers – in (out)	—	149,814	552,957	461,471	1,164,242	—
Change in net assets	80,375	433,902	200,000	138,647	852,924	(321,996)
Net assets, beginning of year	90,579,905	1,202,775	1,718,316	(2,655,236)	—	—
Net assets, end of year	<u>\$ 90,660,280</u>	<u>\$ 1,636,677</u>	<u>\$ 1,918,316</u>	<u>\$ (2,516,589)</u>	<u>\$ (77,279)</u>	<u>\$ (321,996)</u>

Some amounts reported for Business-type Activities in the Statement of Activities are different because certain Internal Service Fund Revenue and Expenses are reported with Business-type Activities (see Note 15):

Change in net assets of Business-type Activities	\$ 775,645
--	------------

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2012

	Business-type Activities – Enterprise Fund					Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	
Cash flows from operating activities						
Cash received from:						
User fees	\$ 11,302,479	\$ 3,850,515	\$ 1,760,428	\$ 1,583,312	\$ 18,496,734	\$ 3,601,225
Tap fees	67,543	—	—	—	67,543	—
Service and miscellaneous charges	129,929	—	45,053	10,766	185,748	675
Cash paid to (for):						
Employee salaries and related costs	(3,354,789)	(1,610,411)	(929,320)	(1,073,677)	(6,968,197)	—
Water and sewer system costs	(4,303,072)	—	—	—	(4,303,072)	—
Collection services	—	(1,091,604)	—	—	(1,091,604)	—
Aquatic Center operations	—	—	(582,516)	—	(582,516)	—
Beach Service operations	—	—	—	(294,053)	(294,053)	—
Health insurance and claims costs	—	—	—	—	—	(3,021,729)
Overhead and miscellaneous costs	(1,875,784)	(591,972)	(182,467)	(381,210)	(3,031,433)	—
Net cash provided by (used in) operating activities	1,966,306	556,528	111,178	(154,862)	2,479,150	580,171
Cash flows from non-capital and related financing activities						
Inter-fund borrowing/payments, net	239,858	(239,858)	36,743	(315,909)	(279,166)	—
Tower rental and other	287,653	—	—	—	287,653	—
Intergovernmental grants	—	4,000	—	—	4,000	—
Local accommodation/hospitality taxes	—	149,814	552,957	461,471	1,164,242	—
Non-operating fees, donations/fundraisers	—	—	5,829	4,664	10,493	298,035
Net cash provided by (used in) non-capital and related financing activities	527,511	(86,044)	595,529	150,226	1,187,222	298,035
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(844,127)	(397,715)	(87,764)	—	(1,329,606)	—
Proceeds from sale of assets	1,425	—	—	2,523	3,948	—
Principal paid on bonds and contracts	(856,667)	—	(489,326)	—	(1,345,993)	—
Interest and bond agent fees on long-term debt	(481,900)	—	(129,700)	—	(611,600)	—
Capital contributions – impact fees, grants and other cash contributions	1,151,020	—	—	—	1,151,020	—
Net cash provided by (used in) capital and related financing activities	(1,030,249)	(397,715)	(706,790)	2,523	(2,132,231)	—

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities – Enterprise Fund				Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service		
Cash flows from investing activities						
Interest received on investments	86,618	78	83	—	86,779	319
Net cash provided by (used in) investing activities	86,618	78	83	—	86,779	319
Net increase (decrease) in cash and cash equivalents	1,550,186	72,847	—	(2,113)	1,620,920	878,525
Cash and cash equivalents, beginning of year (of which \$6,312,466 is restricted)	15,300,698	—	400	8,714	15,309,812	—
Cash and cash equivalents, end of year (of which \$4,691,726 is restricted)	\$ 16,850,884	\$ 72,847	\$ 400	\$ 6,601	\$ 16,930,732	\$ 878,525
Reconciliation of operating income (loss) to net cash from operating activities						
Operating income (loss)	\$ (964,441)	\$ 280,010	\$ (121,260)	\$ (330,011)	\$ (1,135,702)	\$ (620,350)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	2,988,887	406,410	287,915	178,424	3,861,636	—
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(448,285)	(138,465)	(4,444)	(35,634)	(626,828)	—
(Increase) decrease in inventories	(46,546)	—	—	5,005	(41,541)	—
Increase (decrease) in accounts and other payables	425,939	603	(49,775)	(8,724)	368,043	286,650
Increase (decrease) in payroll and accrued liabilities	10,752	7,970	10,975	36,078	65,775	—
Increase (decrease) in unearned revenue	—	—	(12,233)	—	(12,233)	—
Increase (decrease) in other post employment benefits (OPEB)	—	—	—	—	—	913,871
Net cash provided by (used in) operating activities	\$ 1,966,306	\$ 556,528	\$ 111,178	\$ (154,862)	\$ 2,479,150	\$ 580,171
Supplemental disclosure of non-cash capital and related financing activities						
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, 2012

	<u>Pension Trust Funds</u>	<u>Agency Fund Firemen's Fund</u>
Assets		
Cash and cash equivalents	\$ —	\$ 290,193
Cash and temporary investments – mutual funds	13,942,559	—
Receivables – Participant loans	984,697	—
Total assets	<u>\$ 14,927,256</u>	<u>\$ 290,193</u>
Liabilities		
Due to Firemen's Association	\$ —	\$ 290,193
Total liabilities	<u>—</u>	<u>\$ 290,193</u>
Net Assets		
Held in trust for employee's pension benefits	<u>\$ 14,927,256</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, 2012

	<u>Pension Trust Funds</u>
Additions	
Employer contributions	\$ 841,732
Employee (member) contributions	213,030
Investment income (loss)	112,189
Total additions	<u>1,166,951</u>
Deductions	
Benefit payments and loan issuance costs	843,048
Trustee fees	14,091
Forfeitures	45,474
Total deductions	<u>902,613</u>
Change in net assets	264,338
Net assets, beginning of year	<u>14,662,918</u>
Net assets, end of year	<u><u>\$ 14,927,256</u></u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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, 2012, 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.

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

B. Basis of Presentation (Continued)

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

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

The City reports the following 'major' governmental funds: General Fund and Park Development. While a "major fund" in prior-years, the City has elected to report its Stormwater Drainage Fund separately to enhance the presentation of significant governmental funds. 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.

Debt Service Funds – 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. This includes accounts for Stormwater Bonds and Park Bonds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

B. Basis of Presentation (Continued)

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 Drainage 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 and the Internal Service 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.

Internal Service Funds – Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a user-charge basis. This includes Insurance Reserves Fund which accounts for the health insurance programs of employees and retiree/non-employees of the City.

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; are custodial in nature (assets equal liabilities); and do not involve the measurement of results of operations. The City's Firemen's Fund accounts for the 1% fire insurance premiums passed-through from the State for the exclusive benefit of the City's firemen. 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 financial statements reflect revenues, expenses and changes in net assets using the economic resources measurement focus and the full 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.

The Insurance Reserves Fund is an Internal Service Fund that records all health related costs of the City as well as its actuarially determined OPEB expenses for the current period. The fund accounts for actual healthcare resources and costs of employees, administration of flexible spending and health reimbursement costs, plus normal costs of OPEB health benefits and amortization of unfunded/actuary-determined OPEB health benefits, reinsurance for health benefits, and administration and processing fees for the health insurance programs for the City. Each fund of the City is charged a set amount (insurance premiums) per covered employee position that is budgeted for the year.

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)

The City will appraise results of the Insurance Reserves Fund on an annual basis and adjust rates from the City's various governmental and enterprise funds to assure proper funding for prior, current and future costs of all health insurance-related activities. Thus, the amount subsequently charged per covered employee is adjusted to cover all costs (and any prior-year deficits) associated with the Insurance Reserves Fund.

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 City-wide total appropriations (expenditures/expenses), other than transfers, of the approved initial budget must be approved by the City Council.

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)

- 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 Funds, Debt Service Funds, 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.

Since the City has adopted GASB Statement #54, 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, 2012, 'final budgeted' expenditures exceeded estimated revenues as follows: Stormwater Drainage Capital Project Fund by \$4,385,356; Beach Renourishment Capital Project Fund by \$6,343; Street Improvement Capital Project Fund by \$581,037; and Water and Sewer Enterprise Fund by \$667,954. 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, Solid Waste Fund, Aquatic Center Fund, and Beach Service Fund operated under total operating expense budgets equaling \$13.9 million, \$3.9 million, \$1.9 million and \$1.8 million, respectively.

At June 30, 2012, deficit fund balances/net assets resulted in the following: Beach Service Enterprise Fund by \$2,516,589, and Insurance Reserves Internal Service Fund by \$321,996. These deficits are expected to be resolved from either future appropriations or revenues.

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

Cash and Cash Equivalents, and Investments

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

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

Accounts Receivable and Allowance for Doubtful Accounts

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

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

Inventories

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

Deferred Charges

Bond issuance costs are deferred and amortized over the life of the related bond issue using the straight-line method. Additionally, the costs of purchased water capacity and sewer treatment incurred by the Water and Sewer Utility Fund is being amortized over the longer of the life of the related agreements 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 Business-type Activities (Enterprise Fund) 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, 2012, 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, 2012, 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, 2012. 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 Statement #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, 2012:

General Fund:	
Inventories and prepaid items	\$ 274,416
Total Non-spendable	<u>\$ 274,416</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:

General Fund:	
Drug enforcement	\$ 397,888
Public Safety Scholarship	54,655
Victims' Assistance	<u>56,139</u>
	<u>508,682</u>
Special Revenue Fund:	
State (2%) Accommodations Tax	<u>283,300</u>
Capital Projects Fund:	
Capital improvement – Cherry Grove dredging	<u>680,770</u>
Stormwater drainage	<u>3,000,000</u>
Total restricted by others	<u>\$ 4,472,752</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). Changes in these commitments require action by City Council – and are as follows:

General Fund:	
Contingency ordinance	\$ 250,000
Emergency recovery ordinance	142,500
	<u>392,500</u>
Special Revenue Fund:	
Stormwater drainage fees ordinance	<u>2,237,295</u>
Debt Service Funds:	
Debt retirement ordinance	<u>144,057</u>
Capital Projects Funds:	
Street improvements ordinance	<u>92,345</u>
Total committed by ordinance	<u>\$ 2,866,197</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:

Capital Projects Funds:	
Park development projects	\$ 13,138,091
Capital improvement ocean front parking project	246,220
Beach renourishment project	1,540
Street improvement underground utilities project	<u>1,970,694</u>
Total assigned by management	<u>\$ 15,356,545</u>

Unassigned Fund Balance

Represents 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.

When restricted or committed fund balances are available for the same event or project, the City's policy is to expend restricted funds before using committed, assigned or unassigned funds.

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 licensees).

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 2011 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, 2012, the carrying amount of the City's cash deposits with financial institutions was \$669,184 and the financial institution's balances totaled \$651,517. Of this balance, \$662,653 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, 2012, 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, 2012, the City had the following investment types:

	<u>Fair Value</u>	<u>Weight Average Maturity (years)</u>	<u>Credit Rating</u>
Repurchase agreements	\$ 10,072,784	0.002	n/a
Certificates of deposit	19,284,769	0.05	n/a
Money Market funds	15,227,797	n/a	Aa1
Mutual funds	13,942,559	n/a	AAA
State of South Carolina Treasurer's Investment Pool	1,594,136	0.5	Unrated
Total carrying value	<u>\$ 60,122,045</u>		

At June 30, 2012, 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, money market funds, mutual funds, and pooled with the State Treasurer's investments. The concentrations of these investments are 17%, 32%, 25%, 23% and 3% 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, 2012 are as follows:

Cash on hand	\$ 9,576
Carrying amount of cash deposits	669,184
Carrying amount of investments	<u>60,122,045</u>
Total	<u>\$ 60,800,805</u>
Government-wide Statement of Net Assets:	
Cash and cash equivalents	\$ 10,361,144
Equity in pooled cash and cash equivalents	18,916,099
Cash and cash equivalents-restricted	15,877,903
Equity in pooled cash and cash equivalents-restricted	1,412,907
Statement of Fiduciary Net Assets:	
Cash and cash equivalents – Agency Fund	290,193
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	13,472,230
Money Purchase Retirement Plan #2	<u>470,329</u>
Total	<u>\$ 60,800,805</u>

3. Receivables

Receivables at June 30, 2012, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 1,101,597	\$ —
Franchise fees	621,313	—
Grants	122,623	—
Stormwater fees	128,120	—
Local accommodation and hospitality fees	809,038	—
Park bonds	6,058	—
Water and sewer accounts	—	2,129,818
Solid waste user fees	—	254,898
Aquatic Center	—	12,977
Beach Service	—	48,971
Other	45,468	—
Gross receivables	<u>2,834,217</u>	<u>2,446,664</u>
Less: allowance for uncollectibles	<u>(1,069,287)</u>	<u>(43,830)</u>
Net total receivables	<u>\$ 1,764,930</u>	<u>\$ 2,402,834</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, 2012, 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>
<u>Governmental Activities</u>				
General Fund	\$ 3,878,815	\$ —	\$ 4,448,147	\$ 2,150,000
Special Revenue Funds:				
Accommodations (2%) Tax Funds	—	137,172	—	1,022,603
Local Accommodations (1.5%) Tax Fund	—	541,167	—	2,639,303
Hospitality Fees (1%) Fund	—	267,871	—	2,032,260
Debt Service Fund:				
Stormwater Bonds	—	—	1,140,000	—
Capital Projects Funds:				
Capital Improvement Fund	—	—	1,500,000	—
Street Improvement Fund	—	—	1,454,460	—
Beach Renourishment Fund	—	—	13,657	—
Stormwater Drainage Fund	—	—	14,157	1,140,000
Park Development Fund	—	—	—	750,497
<u>Business-type Activities</u>				
Enterprise Funds:				
Solid Waste Fund	—	—	149,814	—
Aquatic Center Fund	—	50,851	552,957	—
Beach Services	180,128	3,061,882	461,471	—
	<u>\$ 4,058,943</u>	<u>\$ 4,058,943</u>	<u>\$ 9,734,663</u>	<u>\$ 9,734,663</u>

Net internal balances shown on the Statement of Net Assets between Governmental and Business-type activities equaled \$2,932,605, 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 \$1,164,242.

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>
<u>Governmental Activities</u>		
General Fund:		
Grants	\$ 256,731	\$ —
Abandoned property		8,982
Special Revenue Fund:		
Accommodations (2%) Tax Fund	773,743	—
Capital Projects Fund:		
Street Improvement	1,075,774	—
	<u>\$ 2,106,248</u>	<u>\$ 8,982</u>
<u>Business-type Activities</u>		
Water and Sewer Utility Enterprise Fund grants	<u>\$ 267,713</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, 2012, are as follows:

Governmental Activities:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2012</u>
Capital assets not being depreciated:					
Land	\$ 14,601,763	\$ 524,845	\$ —	\$ —	\$ 15,126,608
Construction in progress	1,081,252	1,489,323	—	—	2,570,575
Total capital assets not being depreciated	15,683,015	2,014,168	—	—	17,697,183
Capital assets being depreciated:					
Buildings	20,840,996	440,991	—	—	21,281,987
Improvements	7,186,227	131,392	—	—	7,317,619
Machinery and equipment	15,630,133	711,834	(320,075)	—	16,021,892
Infrastructure	53,284,649	797,630	—	—	54,082,279
Total capital assets being depreciated	96,942,005	2,081,847	(320,075)	—	98,703,777
Less, accumulated depreciation for:					
Buildings	(6,848,563)	(587,193)	—	—	(7,435,756)
Improvements	(2,857,814)	(371,500)	—	—	(3,229,314)
Machinery and equipment	(11,412,125)	(1,141,104)	187,042	—	(12,366,187)
Infrastructure	(15,035,058)	(1,828,944)	—	—	(16,864,002)
Total accumulated depreciation	(36,153,560)	(3,928,741)	187,042	—	(39,895,259)
Total capital assets being depreciated, net	60,788,445	(1,846,894)	(133,033)	—	58,808,518
Net capital assets – Governmental Activities	\$ 76,471,460	\$ 167,274	\$ (133,033)	\$ —	\$ 76,505,701

For the year ended June 30, 2012, depreciation expenses charged to Governmental Activities totaled \$3,928,741, which has been allocated to the respective departmental functions, in the Statement of Activities as follows:

General government administration	\$ 54,929
Finance	41,405
Information services	86,592
Public safety	727,240
Planning and development	5,165
Public works	2,909,864
Parks and recreation	77,791
Support services	25,755
	<u>\$ 3,928,741</u>

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

— CONTINUED —

6. Capital Assets (Continued)

Business-type Activities:

	Balance June 30, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Capital assets not being depreciated:					
Land	\$ 484,405	\$ 1,500	\$ —	\$ —	\$ 485,905
Construction in progress	2,631,976	366,198	—	(756,071)	2,242,103
Total capital assets not being depreciated	3,116,381	367,698	—	(756,071)	2,728,008
Capital assets being depreciated:					
Buildings	11,095,444	—	—	—	11,095,444
Water and sewer systems	97,161,298	454,741	—	756,071	98,372,110
Improvements	33,701	87,764	—	—	121,465
Machinery and equipment	12,471,885	419,403	(104,125)	—	12,787,163
Total capital assets being depreciated	120,762,328	961,908	(104,125)	756,071	122,376,182
Less, accumulated depreciation:					
Buildings	(1,942,152)	(297,076)	—	—	(2,239,228)
Water and sewer systems	(30,511,038)	(1,857,907)	—	—	(32,368,945)
Improvements	(23,676)	(2,283)	—	—	(25,959)
Machinery and equipment	(9,208,290)	(825,198)	104,122	—	(9,929,366)
Total accumulated depreciation	(41,685,156)	(2,982,464)	104,122	—	(44,563,498)
Total capital assets being depreciated, net	79,077,172	(2,020,556)	(3)	756,071	77,812,684
Net capital assets – Business-type Activities	<u>\$ 82,193,553</u>	<u>\$ (1,652,858)</u>	<u>\$ (3)</u>	<u>\$ —</u>	<u>\$ 80,540,692</u>

A summary of Proprietary Fund Type capital assets at June 30, 2012, is as follows:

	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Total
Land	\$ 485,905	\$ —	\$ —	\$ —	\$ 485,905
Buildings	668,218	313,200	9,700,878	413,148	11,095,444
Water and sewer systems	98,372,110	—	—	—	98,372,110
Other improvements	—	32,262	89,203	—	121,465
Machinery and equipment	5,047,348	5,872,137	716,751	1,150,927	12,787,163
Construction in progress	2,242,103	—	—	—	2,242,103
Totals	106,815,684	6,217,599	10,506,832	1,564,075	125,104,190
Less, accumulated depreciation	(36,945,282)	(4,424,232)	(2,157,396)	(1,036,588)	(44,563,498)
Net capital assets – Proprietary Funds	<u>\$ 69,870,402</u>	<u>\$ 1,793,367</u>	<u>\$ 8,349,436</u>	<u>\$ 527,487</u>	<u>\$ 80,540,692</u>

For the year ended June 30, 2012, depreciation expenses were charged to Business-type activities totaling \$2,982,464 (Water and Sewer Utility – \$2,109,715, Solid Waste – \$406,410, Aquatic Center – \$287,915, and Beach Service – \$178,424, 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, 2012, consisted of the following:

A. Governmental Activities

	Date of Issue	Interest Rate	Amount Outstanding	Final Maturity Dates
<u>General Obligation Bonds:</u>				
Refunding	12/30/02	3.88%	\$ —	February 1, 2012
Municipal Roads	4/22/09	3.26%	3,737,815	April 22, 2019
Parks	9/15/11	3.00%-4.00%	13,315,000	March 1, 2019
<u>Revenue Bonds:</u>				
Stormwater	7/08/04	3.77%	280,238	September 8, 2012
Total general obligation and revenue bonds			17,333,053	
Less, current portions (payable within one year)			(2,499,221)	
Add, bond premium \$1,496,381 less accumulated amortization of \$187,048			1,309,333	
			<u>\$ 16,143,165</u>	
<u>Accrued Compensated Absences</u>			\$ 1,114,977	
Less, current portions (payable within one year)			—	
			<u>\$ 1,114,977</u>	
Total Long-Term Debt – Governmental Activities			<u>\$ 17,258,142</u>	

B. Business-type Activities

	Date of Issue	Interest Rate	Amount Outstanding	Final Maturity Dates
<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%	\$ 8,253,333	March 1, 2020
Less, current portions (payable within one year)			(905,000)	
			<u>\$ 7,348,333</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatic and Fitness Center Note	11/13/03	3.89%	\$ 5,846,327	November 13, 2023
Less, current portions (payable within one year)			(391,547)	
			<u>\$ 5,454,780</u>	
<u>Accrued Compensated Absences</u>			\$ 368,985	
Less, current portions (payable within one year)			—	
			<u>\$ 368,985</u>	
Total Long-Term Debt – Business-type Activities			<u>\$ 13,172,098</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, 2012, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/12</u>
Governmental Activities					
<u>General Obligation Bonds:</u>					
Refunding	12/30/02	\$ 186,000	\$ —	\$ (186,000)	\$ —
Municipal Roads	4/22/09	4,206,518	—	(468,703)	3,737,815
Parks	9/15/11	—	15,000,000	(1,685,000)	13,315,000
Total general obligation bonds		<u>\$ 4,392,518</u>	<u>\$ 15,000,000</u>	<u>\$ (2,339,703)</u>	<u>\$ 17,052,815</u>
<u>Revenue Bonds:</u>					
Stormwater	7/08/04	<u>\$ 1,386,958</u>	<u>\$ —</u>	<u>\$ (1,106,720)</u>	<u>\$ 280,238</u>
<u>Accrued Compensated Absences:</u>		<u>\$ 1,070,527</u>	<u>\$ 647,310</u>	<u>\$ (602,860)</u>	<u>\$ 1,114,977</u>
Business-type Activities					
<u>Contract Payable:</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement (see Note 8)	09/18/91	<u>\$ 9,110,000</u>	<u>\$ —</u>	<u>\$ 856,667</u>	<u>\$ 8,253,333</u>
<u>Note Payable:</u>					
Aquatic and fitness center note obligation	11/13/03	<u>\$ 6,335,653</u>	<u>\$ —</u>	<u>\$ 489,326</u>	<u>\$ 5,846,327</u>
<u>Accrued Compensated Absences:</u>		<u>\$ 356,159</u>	<u>\$ 227,433</u>	<u>\$ (214,607)</u>	<u>\$ 368,985</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

D. Annual Requirements for Long-term Debt

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

	Interest Requirements		Principal Requirements		Total Requirements	
	Parks	Roads	Parks	Roads	Parks	Roads
General Obligation Bonds:						
2013 (Due within one year)	\$ 532,600	\$ 121,853	\$ 1,735,000	\$ 483,983	\$ 2,267,600	\$ 605,836
2014	463,200	106,075	1,785,000	499,761	2,248,200	605,836
2015	391,800	89,783	1,840,000	516,053	2,231,800	605,836
2016	318,200	72,960	1,900,000	532,876	2,218,200	605,836
2017	242,000	55,588	1,955,000	550,248	2,197,000	605,836
2018	164,000	37,650	2,020,000	568,186	2,184,000	605,836
2019	83,200	19,127	2,080,000	586,708	2,163,200	605,835
	<u>\$2,195,000</u>	<u>\$ 503,036</u>	<u>\$13,315,000</u>	<u>\$ 3,737,815</u>	<u>\$ 15,510,000</u>	<u>\$ 4,240,851</u>
		Interest Requirements		Principal Requirements		Total Requirements
Revenue Bonds: (Stormwater Utility)						
2013 (Due within one year)		\$ 2,762		\$ 280,238		\$ 283,000
		<u>\$ 2,762</u>		<u>\$ 280,238</u>		<u>\$ 283,000</u>
Contract Payable:						
2013 (Due within one year)		\$ 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>\$ 1,990,972</u>		<u>\$ 8,253,333</u>		<u>\$10,244,305</u>
Note Payable:						
2013 (Due within one year)		\$ 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>\$ 1,581,301</u>		<u>\$ 5,846,327</u>		<u>\$ 7,427,628</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, 2012, 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, 2012.

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, 2012, net carrying value of the deferred charge equaled \$5,915,371 with accumulated amortization expense equaling \$13,644,452. For 2012, amortization expense equaled \$654,069. The City's obligation to make payments to GSWSA to retire a pro rata portion of the principal of bonds issued by GSWSA to finance the water treatment plant has been recorded as contracts payable in the Water and Sewer Utility Fund (*see Note 7*). Additionally, the City is obligated to make a monthly payment attributable to its pro rata share of the cost of operating and maintaining the water treatment plant and related booster pumps. Currently estimated annual costs, which will be charged to expense as incurred, are approximately \$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, 2012, (\$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, 2012, net carrying value equaled \$7,090,695 with accumulated amortization expense equaling \$1,913,326. For 2012, amortization expense equaled \$225,065.

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, system contributions, and infrastructure deeded to the City from developers during the year ended June 30, 2012, were as follows:

Utility system impact fees	\$ 1,132,059
Deeded infrastructure	—
System contributions by developers	18,961
Total capital contributions	<u>\$ 1,151,020</u>

10. Net Assets

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Invested in Capital Assets, Net of Related Debt:</u>		
Net capital assets	\$ 76,505,701	\$ 80,540,692
Less, G.O., revenue bonds, and note payable	(18,642,386)	(5,846,327)
Total invested in capital assets, net of related debt	<u>\$ 57,863,315</u>	<u>\$ 74,694,365</u>
<u>Restricted:</u>		
Deposits held by others	\$ 5,136	\$ 281,622
Restricted cash, cash equivalents and equity	12,569,694	4,721,116
Less, liabilities payable from restricted assets	(8,003,872)	(1,944,456)
	<u>\$ 4,570,958</u>	<u>\$ 3,058,282</u>
Restricted net assets:		
Insurance reserves and deposits	\$ 98,206	\$ 31,012
Public safety:		
Victims' assistance programs	56,139	—
Drug enforcement programs	397,888	—
Scholarships and memorials	54,655	—
Public works:		
Dredging, stormwater, and shore protection projects	3,680,770	—
Parks and recreation:		
Tourism related	283,300	—
Future capacity of utility	—	3,027,270
Total restricted net assets	<u>\$ 4,570,958</u>	<u>\$ 3,058,282</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, 2012. Investments of the Trust at June 20, 2012, 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, 2012, 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, 2012, the plans' participants equaled 202 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2012, approximated \$10,188,946. The City's total payroll, without adjustment for accruals, was approximately \$18,899,382. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2012, equaled \$830,788 and \$10,944, respectively, and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and #2 for the year ended June 30, 2012, equaled \$202,086 and \$10,944 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Assets
June 30, 2012**

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Assets			
Cash and temporary investments	\$ 13,472,230	\$ 470,329	\$ 13,942,559
Receivables – Participant loans	984,697	—	984,697
Total assets	<u>\$ 14,456,927</u>	<u>\$ 470,329</u>	<u>\$ 14,927,256</u>
Net Assets			
Held in trust for employee's pension benefits	<u>\$ 14,456,927</u>	<u>\$ 470,329</u>	<u>\$ 14,927,256</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, 2012

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Additions			
Employer contributions	\$ 830,788	\$ 10,944	\$ 841,732
Employee (member) contributions	202,086	10,944	213,030
Investment income (loss)	106,220	5,969	112,189
Total additions	<u>1,139,094</u>	<u>27,857</u>	<u>1,166,951</u>
Deductions			
Benefit payments/loan issuance costs	835,048	8,000	843,048
Trustee fees	14,091	—	14,091
Forfeitures	45,474	—	45,474
Total deductions	<u>894,613</u>	<u>8,000</u>	<u>902,613</u>
Change in net assets	244,481	19,857	264,338
Net assets, beginning of year	<u>14,212,446</u>	<u>450,472</u>	<u>14,662,918</u>
Net assets, end of year	<u>\$ 14,456,927</u>	<u>\$ 470,329</u>	<u>\$ 14,927,256</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. The employee contribution rate increases to 7.00% effective July 1, 2012.

Employers are required to contribute to the Plan at an actuarially determined rate. The rate for the year ended June 30, 2012, 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, 2012, 2011 and 2010 were \$774,519, \$704,161, and \$694,491, 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 (\$184,432 at June 30, 2012) are maintained by a third-party trustee.

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.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Risk Management (Continued)

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, 2012, were \$388,728.

Effective July 1, 2011, the City changed its health insurance plan for its employees and substantially became a self-funded plan. The City utilizes Blue Cross & Blue Shield of South Carolina to provide for the administration and claims management of providing health insurance coverage to all employees. Claims in excess of \$75,000 (stop-loss provision) are insured by a private carrier selected by Blue Cross & Blue Shield. The City pays claims weekly and transfers cash to the administrator to cover the prior week's actual claims for employees and their covered dependents. With the creation of its Internal Service Fund for accounting and reporting all health insurance activities, premiums are charged the City's departments and all excess reserves are maintained in the Insurance Reserve Internal Service Fund.

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 \$217,219 for the year ended June 30, 2012. 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>2012</u>	<u>2011</u>	<u>2010</u>
Unpaid claims at beginning of year	\$ (280,446)	\$ (376,101)	\$ (211,831)
Incurred claims for current and prior year events where the City has retained risk of loss	2,764,020	3,820,233	2,959,271
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(2,648,753)</u>	<u>(3,724,578)</u>	<u>(3,123,541)</u>
(Reserve)/unpaid claims at end of year	<u>\$ (165,179)</u>	<u>\$ (280,446)</u>	<u>\$ (376,101)</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”, “plan”, or “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 \$6,600 for the retiree and \$2,652 for the spouse for the year ended June 30, 2012. The retiree pays nothing for retiree only coverage and pays the full premium rate of \$2,652, annually, 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 plan and maintains the authority for establishing benefits and funding policy. The plan 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 held for the benefit of others. At June 30, 2012, the City had 39 retired employees who are covered under this plan, with an average age of 63 years, and monthly premium costs averaging \$434 per participant. Total expenses incurred for this program and paid by the City for the year ended June 30, 2012 were \$162,218, or approximately 17% of the annual required contribution (ARC). For the prior years’ 2011 and 2010, expenses incurred equaled \$191,982 and \$121,958, respectively, or 14% and 10%, respectively of the ARC.

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 (30) years. For prior-years 2011 and 2010, annual other post-employment benefit (OPEB) costs totaled \$1,422,475 and \$1,346,600, respectively. Due to change in health care programs, the City’s OPEB costs for the current year 2012 totaled \$1,076,089 with net obligation (liability) equaling \$4,212,156 as follows:

Employer normal costs	\$ 670,878
Amortization of UAL	310,141
Annual required contribution (ARC)	<u>981,018</u>
Interest on net other post-employment benefit (OPEB) obligation	—
Adjustment to required annual contribution	<u>95,071</u>
Annual other post-employment benefit (OPEB) cost	1,076,089
Contributions made by City	<u>(162,218)</u>
Increase in net other post-employment benefit (OPEB) obligation	913,871
Net other post-employment benefit (OPEB) obligation – beginning of year	<u>3,298,285</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u><u>\$ 4,212,156</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

As stated above, due to the change in the City's healthcare programs, the actuarial accrued liability for benefits totals \$8,040,499, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$18,899,382 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 42.5 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 January 1, 2010 (for the fiscal year June 30, 2011), 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 thirty (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 total fund balance amounts and the total Net Assets-Governmental Activities. The details of the reconciled amounts are as follows:

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

Capital assets	\$ 116,400,960
Less, accumulated depreciation	<u>(39,895,259)</u>
Net amount reported	<u>\$ 76,505,701</u>

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

Accrued interest expense	\$ (203,527)
General obligation bonds payable	(18,362,148)
Revenue bonds payable	(280,238)
Accrued compensated absences	(1,114,977)
Other Post Employment Benefits (OPEB)	<u>(2,488,585)</u>
Net amount reported	<u>\$ (22,449,475)</u>

Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are not reported in the fund financial statements. The following represents the Governmental Activities prorata portion (76%) of the Internal Service Fund:

Equity in pooled cash	\$ 574,609
Restricted cash and cash equivalents	93,070
Claim deposits	5,136
Claim liabilities and payables	(222,990)
Other post-employment benefits payable (OPEB)	<u>(694,542)</u>
Net amount reported	<u>\$ (244,717)</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 includes 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	\$ 3,775,940
Depreciation expense	<u>(3,741,699)</u>
Net amount reported	<u>\$ 34,241</u>

Internal service funds are used by management to charge the costs of health insurance programs. The following represents the Governmental Activities prorata portion (76%) of the Internal Service Fund:

Premiums charged and contributions	\$ 2,737,686
Insurance claims paid and reserves	<u>(2,982,403)</u>
Net amount reported	<u>\$ (244,717)</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)	\$ (303,637)
Accrued interest expense – net	<u>(174,607)</u>
Accrued compensated absences payable	<u>(44,450)</u>
Net amount reported	<u>\$ (522,694)</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:

Proceeds of bond issuance	\$ (16,496,381)
Principal repayments – G.O. Bonds, revenue bonds and capital lease and transfers to escrow agents and other related costs	<u>3,633,471</u>
Net amount reported	<u>\$ (12,862,910)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

C. Explanations of Differences Between the Proprietary Fund Balance Sheet and the Government-Wide Statement of Net Assets

The Proprietary Fund Balance Sheet includes a reconciliation between the total net asset amounts and the total Net Assets – Business-type Activities. The details of the reconciled amounts are as follows:

Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are not reported in the fund financial statements. The following represents the Business-type Activities prorata portion (24%) of the Internal Service Fund:

Equity in pooled cash	\$ 181,456
Restricted cash and cash equivalents	29,390
Claim deposits	1,622
Claim liabilities and payables	(70,418)
Other post-employment benefits payable (OPEB)	(219,329)
Net amount reported	<u>\$ (77,279)</u>

D. Explanations of Differences Between the Proprietary Fund Statement of Revenue, Expenses and changes in Net Assets and the Government-Wide Statement of Activities

The Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets includes a reconciliation between net changes in Net Assets and Changes in Net Assets-Governmental Activities. The details of the reconciled amounts are as follows:

Internal service funds are used by management to charge the costs of health insurance programs. The following represents the Business-type Activities prorata portion (24%) of the Internal Service Fund:

Premiums charged and contributions	\$ 864,533
Insurance claims paid and reserves	(941,812)
Net amount reported	<u>\$ (77,279)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2012

(With comparative actual amounts for June 30, 2011)

	2012			Variance Positive (Neg.)	2011
	Budget		Actual		Actual
	Original	Final			
Revenue					
Current property taxes	\$ 11,500,000	\$ 11,500,000	\$ 11,503,785	\$ 3,785	\$11,684,571
Delinquent property taxes	270,000	270,000	292,495	22,495	201,185
Licenses and permits	7,194,000	7,194,000	6,888,599	(305,401)	6,811,281
Fines and forfeitures	495,000	495,000	409,166	(85,834)	425,582
Use of money and property	200,000	200,000	161,221	(38,779)	162,591
Unrestricted intergovernmental	913,600	913,600	920,270	6,670	889,898
Restricted intergovernmental	350,000	350,000	521,592	171,592	644,989
Sales and service charges	301,500	301,500	374,643	73,143	311,370
Miscellaneous	25,000	25,000	909,664	884,664	312,784
Total revenue	21,249,100	21,249,100	21,981,435	732,335	21,444,251
Expenditures					
General Government Administration					
General services	783,833	783,833	704,272	79,561	797,175
Legislative	118,016	118,016	126,327	(8,311)	127,448
Administrative	149,120	149,120	126,793	22,328	146,273
City Court	422,057	422,057	426,352	(4,295)	408,700
Legal	202,894	202,894	237,676	(34,782)	280,083
Human resources	499,859	499,859	443,698	56,161	434,886
Community development	—	—	—	—	20,000
Total	2,175,779	2,175,779	2,065,118	110,661	2,214,565
Less, capital outlay	—	—	—	—	(19,001)
Net general government administration	2,175,779	2,175,779	2,065,118	110,661	2,195,564
Finance					
Accounting	343,345	343,345	334,801	8,544	322,916
Revenue	413,237	413,237	404,938	8,299	410,291
Total	756,582	756,582	739,739	16,843	733,207
Less, capital outlay	—	—	—	—	—
Net finance	756,582	756,582	739,739	16,843	733,207
Information Services					
Total	476,424	476,424	531,525	(55,101)	529,664
Less, capital outlay	(120,840)	(120,840)	(35,407)	(85,433)	(85,945)
Net information services	355,584	355,584	496,118	(140,534)	443,719
Public Safety					
Administrative	398,974	398,974	401,293	(2,319)	335,951
Uniform patrol	4,532,948	4,532,948	4,557,887	(24,939)	4,119,048
Community services	808,991	808,991	792,698	16,293	747,973
Detectives	876,112	876,112	816,998	59,114	770,078
Communications/Detention	1,104,193	1,104,193	1,075,713	28,480	1,040,113
Records	270,593	270,593	250,044	20,549	235,202
Victim's assistance	74,746	74,746	69,320	5,426	68,263
Police training	213,815	213,815	229,268	(15,453)	104,039
Fire suppression	3,392,048	3,392,048	3,441,173	(49,125)	3,215,125
Fire prevention	327,587	327,587	284,401	43,186	318,499
Total	12,000,007	12,000,007	11,918,795	81,212	10,954,291
Less, capital outlay	(375,000)	(375,000)	(266,182)	(108,818)	(57,242)
Net public safety	11,625,007	11,625,007	11,652,613	(27,606)	10,897,049

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2012			Variance Positive (Neg.)	2011
	Budget		Actual		Actual
	Original	Final			
Expenditures (Continued)					
Planning/Development					
Planning/zoning administration	883,314	883,314	849,857	33,457	842,641
Code enforcement-building	698,424	698,424	656,244	42,180	658,302
Total	1,581,738	1,581,738	1,506,101	75,637	1,500,943
Less, capital outlay					
Net planning/development	1,581,738	1,581,738	1,506,101	75,637	1,500,943
Public Works					
Streets/drainage	2,015,212	2,015,212	2,125,445	(110,233)	1,907,533
Less, capital outlay	(37,000)	(37,000)	(30,004)	(6,996)	(42,650)
Net public works	1,978,212	1,978,212	2,095,441	(117,229)	1,864,883
Parks and Recreation					
Recreation administration	267,011	267,011	277,316	(10,305)	253,185
Athletics	224,213	224,213	234,525	(10,312)	211,045
Programs	749,539	749,539	744,813	4,726	550,222
Parks and grounds	1,285,416	1,285,416	1,280,572	4,844	1,218,679
Total	2,526,179	2,526,179	2,537,226	(11,047)	2,233,131
Less, capital outlay	(117,000)	(117,000)	(119,092)	2,092	(48,683)
Net parks and recreation	2,409,179	2,409,179	2,418,134	(8,955)	2,184,448
Support Services					
Purchasing	164,721	164,721	163,636	1,085	159,300
Fleet maintenance	275,531	275,531	263,290	12,241	265,388
Custodial services	317,282	317,282	419,353	(102,071)	446,349
Total	757,534	757,534	846,279	(88,745)	871,037
Less, capital outlay	(15,000)	(15,000)	(16,502)	1,502	—
Net support services	742,534	742,534	829,777	(87,243)	871,037
Debt Service					
Principal retirement	654,703	654,703	654,703	—	1,065,402
Interest and fiscal charges	144,348	144,348	144,349	(1)	183,342
Agent fees	20,000	20,000	113	19,887	5,234
Total debt service	819,051	819,051	799,165	19,886	1,253,978
Capital Outlay	664,840	664,840	467,187	197,653	253,521
Total expenditures	23,108,506	23,108,506	23,069,393	39,113	22,198,348
Excess (deficiency) of revenue over (under) expenditures	(1,859,406)	(1,859,406)	(1,087,958)	771,448	(754,097)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2012			Variance Positive (Neg.)	2011
	Budget Original	Budget Final	Actual		Actual
Other Financing Sources (Uses)					
Transfers in:					
From Accommodations (2%) Tax Fund	654,723	654,723	654,723	—	542,407
From Local (1.5%) Accommodations Tax Fund	1,570,000	1,570,000	1,761,164	191,164	1,674,180
From Local (1%) Hospitality Fee Fund From Beach Service Fund	1,975,000	1,975,000	2,032,260	57,260	1,933,838
Total transfers in	4,199,723	4,199,723	4,448,147	248,424	4,157,114
Transfers (out):					
To Capital Improvement Fund	(1,500,000)	(1,500,000)	(1,500,000)	—	(2,005,352)
To Street Improvement Fund	(650,000)	(650,000)	(650,000)	—	(600,000)
Total Transfers (out)	(2,150,000)	(2,150,000)	(2,150,000)	—	(2,605,352)
Total other financing sources (uses)	2,049,723	2,049,723	2,298,147	248,424	1,551,762
Net change in fund balance	190,317	190,317	1,210,189	1,019,872	797,665
Fund balance, beginning of year	10,082,589	10,082,589	10,082,589	—	9,284,924
Fund balance, end of year	<u>\$ 10,272,906</u>	<u>\$ 10,272,906</u>	<u>\$ 11,292,778</u>	<u>\$ 1,019,872</u>	<u>\$ 10,082,589</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 City-wide total appropriations (total expenditures/expenses), other than transfers, of the approved initial budget must be approved by the City Council.
- The City employs formal budgetary integration as a management control device during the year and legally adopts a budget for the General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Funds, and Enterprise Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is not employed for the Trust and Agency funds.
- Appropriations lapse at the end of each fiscal year.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/01/08	—	\$8,108,305	\$8,108,305	0%	\$18,018,737	45.0%
1/01/10	—	\$8,040,499	\$8,040,499	0%	\$18,899,302	42.5%

Note: The City obtains biennial valuations based on a calendar year for use in the next fiscal year's budget. The next scheduled valuation date is for FY July 1, 2012.

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, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
Assets				
Equity in pooled cash and cash equivalents	\$ 22	\$ 137,999	\$ 2,878,125	\$ 3,016,146
Receivables, net	809,038	6,058	—	815,096
Due from other governments	773,743	—	1,075,774	1,849,517
Total assets	\$ 1,582,803	\$ 144,057	\$ 3,953,899	\$ 5,680,759
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 353,293	\$ —	\$ 100,528	\$ 453,821
Due to other funds	946,210	—	—	946,210
Total liabilities	1,299,503	—	100,528	1,400,031
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	283,300	—	680,770	964,070
Committed by ordinance	—	144,057	92,345	236,402
Assigned by management	—	—	2,218,454	2,218,454
Unassigned	—	—	861,802	861,802
Total fund balances	283,300	144,057	3,853,371	4,280,728
Total liabilities and fund balances	\$ 1,582,803	\$ 144,057	\$ 3,953,899	\$ 5,680,759

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, 2012

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
Revenue				
Property taxes	\$ —	\$ 2,156,960	\$ —	\$ 2,156,960
Use of money and property	202	1,340	10,681	12,223
Restricted intergovernmental	7,161,692	—	1,934,490	9,096,182
Sales and service charges	—	—	360	360
Miscellaneous	—	—	214,150	214,150
Total revenue	<u>7,161,894</u>	<u>2,158,300</u>	<u>2,159,681</u>	<u>11,479,875</u>
Expenditures				
Current:				
General government administration	—	—	785,517	785,517
Public works	—	—	3,481,083	3,481,083
Parks and recreation	1,275,056	—	—	1,275,056
Debt Service	—	3,154,243	—	3,154,243
Total expenditures	<u>1,275,056</u>	<u>3,154,243</u>	<u>4,266,600</u>	<u>8,695,899</u>
Excess (deficiency) of revenue over (under) expenditures	<u>5,886,838</u>	<u>(995,943)</u>	<u>(2,106,919)</u>	<u>2,783,976</u>
Other Financing Sources (Uses)				
Transfers in	—	1,140,000	2,968,117	4,108,117
Transfers (out)	(5,694,166)	—	—	(5,694,166)
Total other financing sources (uses)	<u>(5,694,166)</u>	<u>1,140,000</u>	<u>2,968,117</u>	<u>(1,586,049)</u>
Net change in fund balances	192,672	144,057	861,198	1,197,927
Fund balances, beginning of year	90,628	—	2,992,173	3,082,801
Fund balances, end of year	<u>\$ 283,300</u>	<u>\$ 144,057</u>	<u>\$ 3,853,371</u>	<u>\$ 4,280,728</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, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Cash and cash equivalents	\$ 3,061,334	\$ 3,051,544
Equity in pooled cash and cash equivalents	3,558,507	—
Deposits held by others	2,474	—
Receivables:		
Property taxes	1,101,597	948,965
Less, allowance for doubtful accounts	(1,069,287)	(920,814)
Franchise fees	621,313	686,988
Grants	122,623	311,533
Defined Benefit Pension Trust Fund	—	26,040
Other receivables	42,994	247,984
Due from other governments:		
State of South Carolina	160,173	174,289
Horry County	96,558	87,368
Due from other funds:		
Accommodations (2%) Tax Fund	137,172	214,874
Local Accommodations (1.5%) Tax Fund	361,039	274,360
Hospitality (1.0%) Fees Fund	267,871	236,685
Park Development Fund	—	2,252,251
Aquatic Center Fund	50,851	—
Beach Service Fund	3,061,882	2,796,070
Inventories and prepaid items	274,416	432,554
Restricted assets:		
Cash and cash equivalents:		
Drug enforcement account	397,888	388,837
Police seizures held	46,535	44,691
Public safety scholarship fund	42,360	48,139
Equity in pooled cash and cash equivalents:		
Bail bond account	258,352	215,608
Total assets	<u>\$ 12,596,652</u>	<u>\$ 11,517,966</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

— CONTINUED —

	<u>2012</u>	<u>2011</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 443,302	\$ 720,666
Accrued payroll and withholdings payable	536,011	449,772
Insurance claims payable, net	9,088	—
Due to other governments:		
State of SC – abandoned property	8,982	3,250
Payable from restricted assets:		
Bail bonds	258,352	215,608
Police seizures held	46,535	44,691
Magistrate payable	1,604	1,390
Total liabilities	<u>1,303,874</u>	<u>1,435,377</u>
Fund Balance:		
Non-spendable	274,416	432,554
Restricted by others	508,682	501,116
Committed by ordinance	392,500	392,500
Assigned by management	—	—
Unassigned	10,117,180	8,756,419
Total fund balance	<u>11,292,778</u>	<u>10,082,589</u>
Total liabilities and fund balance	<u>\$ 12,596,652</u>	<u>\$ 11,517,966</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, 2012
 (With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Revenue				
Current property taxes	\$ 11,500,000	\$ 11,503,785	\$ 3,785	\$ 11,684,571
Delinquent property taxes:				
Real and personal property	150,000	122,104	(27,896)	66,614
Penalties	120,000	170,391	50,391	134,571
	<u>270,000</u>	<u>292,495</u>	<u>22,495</u>	<u>201,185</u>
Licenses and permits:				
Business licenses	4,800,000	4,593,270	(206,730)	4,435,940
Business license penalties	50,000	32,774	(17,226)	29,913
Building permits	325,000	363,375	38,375	346,235
Inspection fees	3,500	2,510	(990)	2,715
Other permits	10,000	11,095	1,095	14,255
Tree bank	—	—	—	3,750
Franchise fee – electricity	1,412,500	1,306,559	(105,941)	1,385,359
Franchise fee – cable TV	493,000	503,828	10,828	452,289
Franchise fee – telephone	—	—	—	58,398
Franchise fee – gas	100,000	75,188	(24,812)	82,427
	<u>7,194,000</u>	<u>6,888,599</u>	<u>(305,401)</u>	<u>6,811,281</u>
Fines and forfeitures:				
Fines	750,000	791,708	41,708	724,041
Seizures	100,000	10,527	(89,473)	37,971
Improper parking	10,000	3,774	(6,226)	16,685
Victims assistance	60,000	59,929	(71)	58,644
Bail Bondsman Fee	—	2,331	2,331	—
Less, remittances to State Treasurer	(425,000)	(459,103)	(34,103)	(411,759)
	<u>495,000</u>	<u>409,166</u>	<u>(85,834)</u>	<u>425,582</u>
Use of money and property:				
Interest on investments	50,000	7,428	(42,572)	(910)
Property rental	150,000	153,793	3,793	163,501
	<u>200,000</u>	<u>161,221</u>	<u>(38,779)</u>	<u>162,591</u>
Unrestricted intergovernmental:				
Local government	248,000	255,867	7,867	261,229
Homestead exemption tax	107,000	136,609	29,609	110,966
Business inventory tax	36,600	36,616	16	36,653
Accommodations tax	145,000	156,060	11,060	144,609
Admissions tax	175,000	151,745	(23,255)	147,614
Motor carrier tax	22,000	17,035	(4,965)	17,127
Alcoholic beverage permit fees	180,000	166,338	(13,662)	171,700
	<u>913,600</u>	<u>920,270</u>	<u>6,670</u>	<u>889,898</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 —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Revenue (Continued)				
Restricted intergovernmental:				
Federal FEMA grant	—	—	—	20,158
Federal Homeland security/DOJ grants	350,000	436,092	86,092	498,497
State PRT/misc. grants	—	3,500	3,500	126,334
Horry County recreation	—	82,000	82,000	—
	<u>350,000</u>	<u>521,592</u>	<u>171,592</u>	<u>644,989</u>
Sales and service charges:				
City codes and ordinances	10,000	5,706	(4,294)	9,697
Fire protection – contracts	110,000	110,352	352	106,800
Street work	4,000	5,499	1,499	8,200
Beach services franchise	60,000	95,000	35,000	80,000
Recreation fees	81,000	105,147	24,147	83,866
GIS Data	1,500	—	(1,500)	65
NMB Merchandise sales	—	1,013	1,013	—
Credit Card service charge	—	7,249	7,249	—
Memorial	—	10,000	10,000	—
Miscellaneous	35,000	34,677	(323)	22,742
	<u>301,500</u>	<u>374,643</u>	<u>73,143</u>	<u>311,370</u>
Miscellaneous:				
Insurance reimbursements	25,000	21,913	(3,087)	231,216
Grants from private entities	—	37,530	37,530	18,895
Mayfest sponsorship	—	—	—	12,250
PS Scholarship Fund donation	—	221	221	423
Other	—	850,000	850,000	50,000
	<u>25,000</u>	<u>909,664</u>	<u>884,664</u>	<u>312,784</u>
Total revenue	<u>21,249,100</u>	<u>21,981,435</u>	<u>732,335</u>	<u>21,444,251</u>
Expenditures				
General Government Administration				
General Services:				
Personal services	241,400	197,243	44,157	233,776
Operating expenditures	1,183,750	1,083,251	100,499	1,203,766
Capital expenditure	—	—	—	12,095
Less, overhead allocation – utility	(641,317)	(576,222)	(65,095)	(652,461)
	<u>783,833</u>	<u>704,272</u>	<u>79,561</u>	<u>797,176</u>
Legislative:				
Personal services	196,231	192,961	3,270	190,583
Operating expenditures	39,800	59,693	(19,893)	64,311
Less, overhead allocation – utility	(118,015)	(126,327)	8,312	(127,447)
	<u>118,016</u>	<u>126,327</u>	<u>(8,311)</u>	<u>127,447</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 —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Expenditures (Continued)				
General Government Administration (Cont.)				
Administrative:				
Personal services	206,490	209,953	(3,463)	261,168
Operating expenditures	91,750	43,633	48,117	31,377
Less, overhead allocation – utility	(149,120)	(126,793)	(22,327)	(146,272)
	<u>149,120</u>	<u>126,793</u>	<u>22,327</u>	<u>146,273</u>
City Court:				
Personal services	368,982	373,522	(4,540)	360,980
Operating expenditures	53,075	52,830	245	40,814
Capital expenditures	—	—	—	6,906
	<u>422,057</u>	<u>426,352</u>	<u>(4,295)</u>	<u>408,700</u>
Legal:				
Personal services	211,064	207,259	3,805	206,618
Operating expenditures	194,725	268,092	(73,367)	353,548
Less, overhead allocation – utility	(202,895)	(237,675)	34,780	(280,083)
	<u>202,894</u>	<u>237,676</u>	<u>(34,782)</u>	<u>280,083</u>
Human resources:				
Personal services	792,426	705,374	87,052	681,389
Operating expenditures	69,400	59,623	9,777	68,414
Less, overhead allocation – utility	(361,967)	(321,299)	(40,668)	(314,917)
	<u>499,859</u>	<u>443,698</u>	<u>56,161</u>	<u>434,886</u>
Community Development:				
Museum	—	—	—	20,000
	<u>—</u>	<u>—</u>	<u>—</u>	<u>20,000</u>
Total general government administration	2,175,779	2,065,118	110,661	2,214,565
Less, total capital outlay	—	—	—	(19,001)
Net general government administration	<u>2,175,779</u>	<u>2,065,118</u>	<u>110,661</u>	<u>2,195,564</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 —

Expenditures (Continued)	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Finance				
Accounting:				
Personal services	577,452	562,485	14,967	546,599
Operating expenditures	137,850	135,017	2,833	126,143
Capital expenditures	—	—	—	—
Less, overhead allocation – utility	(371,957)	(362,701)	(9,256)	(349,826)
	<u>343,345</u>	<u>334,801</u>	<u>8,544</u>	<u>322,916</u>
Revenue:				
Personal services	384,172	375,899	8,273	380,692
Operating expenditures	29,065	29,039	26	29,599
Capital expenditures	—	—	—	—
	<u>413,237</u>	<u>404,938</u>	<u>8,299</u>	<u>410,291</u>
Total finance	756,582	739,739	16,843	733,207
Less, total capital outlay	—	—	—	—
Net finance	<u>756,582</u>	<u>739,739</u>	<u>16,843</u>	<u>733,207</u>
Information Services				
Personal services	537,658	571,241	(33,583)	509,538
Operating services	149,000	269,637	(120,637)	283,490
Capital expenditures	120,840	35,407	85,433	85,945
Less, overhead allocation – utility	(331,074)	(344,760)	13,686	(349,309)
	<u>476,424</u>	<u>531,525</u>	<u>(55,101)</u>	<u>529,664</u>
Total information services	476,424	531,525	(55,101)	529,664
Less, total capital outlay	(120,840)	(35,407)	(85,433)	(85,945)
Net information services	<u>355,584</u>	<u>496,118</u>	<u>(140,534)</u>	<u>443,719</u>
Public Safety				
Administrative:				
Personal services	380,209	371,672	8,537	285,714
Operating expenditures	18,765	29,621	(10,856)	50,237
Capital expenditures	—	—	—	—
	<u>398,974</u>	<u>401,293</u>	<u>(2,319)</u>	<u>335,951</u>
Uniform patrol:				
Personal services	3,864,187	3,704,091	160,096	3,600,690
Operating expenditures	449,761	658,763	(209,002)	479,486
Capital expenditures	219,000	195,033	23,967	38,872
	<u>4,532,948</u>	<u>4,557,887</u>	<u>(24,939)</u>	<u>4,119,048</u>
Community services:				
Personal services	585,161	592,694	(7,533)	524,107
Operating expenditures	173,830	200,004	(26,174)	183,267
Capital expenditures	50,000	—	50,000	40,599
	<u>808,991</u>	<u>792,698</u>	<u>16,293</u>	<u>747,973</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 —

Expenditures (Continued)	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Public Safety (Cont.)				
Detectives:				
Personal services	795,622	730,542	65,080	686,642
Operating expenditures	80,490	86,456	(5,966)	83,436
Capital expenditures	—	—	—	—
	<u>876,112</u>	<u>816,998</u>	<u>59,114</u>	<u>770,078</u>
Communications/Detention:				
Personal services	1,060,356	1,051,412	8,944	1,019,295
Operating expenditures	139,855	91,243	48,612	106,994
Capital expenditures	—	26,598	(26,598)	4,269
Less, overhead allocation – utility	(96,018)	(93,540)	(2,478)	(90,445)
	<u>1,104,193</u>	<u>1,075,713</u>	<u>28,480</u>	<u>1,040,113</u>
Records:				
Personal services	218,879	218,935	(56)	206,570
Operating expenditures	51,714	31,109	20,605	28,632
Capital expenditures	—	—	—	—
	<u>270,593</u>	<u>250,044</u>	<u>20,549</u>	<u>235,202</u>
Victim's Assistance:				
Personal services	66,846	65,232	1,614	63,329
Operating expenditures	7,900	4,088	3,812	4,934
	<u>74,746</u>	<u>69,320</u>	<u>5,426</u>	<u>68,263</u>
Police Training:				
Personal services	196,755	211,515	(14,760)	93,576
Operating expenditures	17,060	17,753	(693)	10,463
	<u>213,815</u>	<u>229,268</u>	<u>(15,453)</u>	<u>104,039</u>
Fire Suppression/Rescue:				
Personal services	3,025,528	3,055,298	(29,770)	2,920,023
Operating expenditures	260,520	341,324	(80,804)	242,129
Capital expenditures	106,000	44,551	61,449	52,973
	<u>3,392,048</u>	<u>3,441,173</u>	<u>(49,125)</u>	<u>3,215,125</u>
Fire Prevention/Inspection:				
Personal services	306,942	261,523	45,419	298,916
Operating expenditures	20,645	22,878	(2,233)	19,583
Capital expenditures	—	—	—	—
	<u>327,587</u>	<u>284,401</u>	<u>43,186</u>	<u>318,499</u>
Total Public Safety	12,000,007	11,918,795	81,212	10,954,291
Less, total capital outlay	(375,000)	(266,182)	(108,818)	(57,242)
Net public safety	<u>11,625,007</u>	<u>11,652,613</u>	<u>(27,606)</u>	<u>10,897,049</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 —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Expenditures (Continued)				
Planning/Development				
Planning/Zoning Administration:				
Personal services	832,914	819,475	13,439	803,021
Operating expenditures	50,400	30,382	20,018	39,620
	<u>883,314</u>	<u>849,857</u>	<u>33,457</u>	<u>842,641</u>
Building:				
Personal services	651,933	650,664	1,269	646,234
Operating expenditures	83,250	40,119	43,131	46,714
Less, overhead allocation – utility	(36,759)	(34,539)	(2,220)	(34,647)
	<u>698,424</u>	<u>656,244</u>	<u>42,180</u>	<u>658,301</u>
Total Planning/Development	1,581,738	1,506,101	75,637	1,500,942
Less, total capital outlay	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net planning/development	<u>1,581,738</u>	<u>1,506,101</u>	<u>75,637</u>	<u>1,500,942</u>
Public Works				
Streets/Drainage:				
Personal services	1,191,924	1,196,826	(4,902)	1,119,366
Operating expenditures	1,010,200	1,134,776	(124,576)	957,035
Capital expenditures	37,000	30,004	6,996	42,650
Less, overhead allocation – utility	(223,912)	(236,161)	12,249	(211,518)
	<u>2,015,212</u>	<u>2,125,445</u>	<u>(110,233)</u>	<u>1,907,533</u>
Total Public Works	2,015,212	2,125,445	(110,233)	1,907,533
Less, total capital outlay	<u>(37,000)</u>	<u>(30,004)</u>	<u>(6,996)</u>	<u>(42,650)</u>
Net public works	<u>1,978,212</u>	<u>2,095,441</u>	<u>(117,229)</u>	<u>1,864,883</u>
Parks and Recreation				
Recreation Administration:				
Personal services	293,575	283,888	9,687	277,713
Operating expenditures	62,440	85,866	(23,426)	59,866
Capital expenditures	—	—	—	—
Less, overhead allocation – utility	(89,004)	(92,438)	3,434	(84,394)
	<u>267,011</u>	<u>277,316</u>	<u>(10,305)</u>	<u>253,185</u>
Athletics:				
Personal services	84,263	87,360	(3,097)	86,674
Operating expenditures	139,950	147,165	(7,215)	124,371
	<u>224,213</u>	<u>234,525</u>	<u>(10,312)</u>	<u>211,045</u>
Programs:				
Personal services	189,903	213,084	(23,181)	192,650
Operating expenditures	534,636	515,603	19,033	357,572
Capital expenditures	25,000	16,126	8,874	—
	<u>749,539</u>	<u>744,813</u>	<u>4,726</u>	<u>550,222</u>
Parks and Grounds:				
Personal services	769,288	778,422	(9,134)	756,687
Operating expenditures	424,128	399,184	24,944	413,309
Capital expenditures	92,000	102,966	(10,966)	48,683
	<u>1,285,416</u>	<u>1,280,572</u>	<u>4,844</u>	<u>1,218,679</u>
Total Parks and Recreation	2,526,179	2,537,226	(11,047)	2,233,131
Less, total capital outlay	<u>(117,000)</u>	<u>(119,092)</u>	<u>2,092</u>	<u>(48,683)</u>
Net parks and recreation	<u>2,409,179</u>	<u>2,418,134</u>	<u>(8,955)</u>	<u>2,184,448</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 —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Expenditures (Continued)				
Support Services				
Purchasing:				
Personal services	387,552	372,227	15,325	373,024
Operating expenditures	24,250	36,864	(12,614)	25,227
Less, overhead allocation – utility	(247,081)	(245,455)	(1,626)	(238,951)
	<u>164,721</u>	<u>163,636</u>	<u>1,085</u>	<u>159,300</u>
Fleet management:				
Personal services	409,868	396,623	13,245	411,605
Operating expenditures	49,350	42,194	7,156	30,708
Less, overhead allocation – utility	(183,687)	(175,527)	(8,160)	(176,925)
	<u>275,531</u>	<u>263,290</u>	<u>12,241</u>	<u>265,388</u>
Custodial Services:				
Personnel services	369,445	377,206	(7,761)	364,231
Operating expenses	127,300	282,667	(155,367)	418,837
Capital expenditures	15,000	16,502	(1,502)	—
Less, overhead allocation – utility	(194,463)	(257,022)	62,559	(336,719)
	<u>317,282</u>	<u>419,353</u>	<u>(102,071)</u>	<u>446,349</u>
Total Support Services	757,534	846,279	(88,745)	871,037
Less, total capital outlay	(15,000)	(16,502)	1,502	—
Net support services	<u>742,534</u>	<u>829,777</u>	<u>(87,243)</u>	<u>871,037</u>
Total Departmental Expenditures (net)	<u>21,624,615</u>	<u>21,803,041</u>	<u>(178,426)</u>	<u>20,690,849</u>
Debt Service				
Principal retirement	654,703	654,703	—	1,065,402
Interest and fiscal charges	144,348	144,349	(1)	183,342
Agent fees	20,000	113	19,887	5,234
Total debt service	<u>819,051</u>	<u>799,165</u>	<u>19,886</u>	<u>1,253,978</u>
Capital Outlay	<u>664,840</u>	<u>467,187</u>	<u>197,653</u>	<u>253,521</u>
Total expenditures	<u>23,108,506</u>	<u>23,069,393</u>	<u>39,113</u>	<u>22,198,348</u>
Excess (deficiency) of revenue over (under) expenditures	(1,859,406)	(1,087,958)	771,448	(754,097)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

— CONTINUED —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Other Financing Sources (Uses)				
Transfers in:				
From Accommodations (2%) Tax Fund	654,723	654,723	—	542,407
From Local (1.5%) Accommodations Tax Fund	1,570,000	1,761,164	191,164	1,674,180
From Local (1%) Hospitality Fee Fund	1,975,000	2,032,260	57,260	1,933,838
From Beach Service Fund	—	—	—	6,689
Total transfers in:	4,199,723	4,448,147	248,424	4,157,114
Transfers (out):				
To Capital Improvement Fund	(1,500,000)	(1,500,000)	—	(2,005,352)
To Street Improvement Fund	(650,000)	(650,000)	—	(600,000)
Total transfers (out)	(2,150,000)	(2,150,000)	—	(2,605,352)
Total other financing sources (uses)	2,049,723	2,298,147	248,424	1,551,762
Net change in fund balance	190,317	1,210,189	1,019,872	797,665
Fund balance, beginning of year	10,082,589	10,082,589	—	9,284,924
Fund balance, end of year	<u>\$ 10,272,906</u>	<u>\$ 11,292,778</u>	<u>\$ 1,019,872</u>	<u>\$ 10,082,589</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:

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:

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:

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, 2012

	Non-Major Funds			Totals
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	
Assets				
Equity in pooled cash and cash equivalents	\$ —	\$ 22	\$ —	\$ 22
Receivables, net	—	541,167	267,871	809,038
Due from other governments	773,743	—	—	773,743
Total assets	\$ 773,743	\$ 541,189	\$ 267,871	\$ 1,582,803
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 353,271	\$ 22	\$ —	\$ 353,293
Due to other funds	137,172	541,167	267,871	946,210
Total liabilities	490,443	541,189	267,871	1,299,503
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	283,300	—	—	283,300
Committed by ordinance	—	—	—	—
Assigned by management	—	—	—	—
Unassigned	—	—	—	—
Total fund balances	283,300	—	—	283,300
Total liabilities and fund balances	\$ 773,743	\$ 541,189	\$ 267,871	\$ 1,582,803

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	Non-Major Funds			Totals
	State (2%) A-Tax	Local (1.5%) A-Tax	Hospitality (1%) Fee	
Revenue				
Use of money and property	\$ 202	\$ —	\$ —	\$ 202
Restricted intergovernmental	2,490,129	2,639,303	2,032,260	7,161,692
Total revenue	2,490,331	2,639,303	2,032,260	7,161,894
Expenditures				
Current:				
Parks and recreation	1,275,056	—	—	1,275,056
Total expenditures	1,275,056	—	—	1,275,056
Excess (deficiency) of revenue over (under) expenditures	1,215,275	2,639,303	2,032,260	5,886,838
Other Financing Sources (Uses)				
Transfers (out)	(1,022,603)	(2,639,303)	(2,032,260)	(5,694,166)
Total other financing sources (uses)	(1,022,603)	(2,639,303)	(2,032,260)	(5,694,166)
Net change in fund balances	192,672	—	—	192,672
Fund balances, beginning of year	90,628	—	—	90,628
Fund balances, end of year	\$ 283,300	\$ —	\$ —	\$ 283,300

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Due from other governments	\$ 773,743	\$ 663,831
Total assets	<u>\$ 773,743</u>	<u>\$ 663,831</u>
Liabilities and Fund Balance		
Accounts payable	\$ 353,271	\$ 358,329
Due to General Fund	<u>137,172</u>	<u>214,874</u>
Total liabilities	<u>490,443</u>	<u>573,203</u>
Fund balance:		
Restricted by others	<u>283,300</u>	<u>90,628</u>
Total liabilities and fund balance	<u>\$ 773,743</u>	<u>\$ 663,831</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

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

YEAR ENDED JUNE 30, 2012
 (With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 2,000	\$ 202	\$ (1,798)	\$ 244
Restricted intergovernmental:				
State A-tax revenue	2,230,600	2,490,129	259,529	2,272,569
Total revenue	<u>2,232,600</u>	<u>2,490,331</u>	<u>257,731</u>	<u>2,272,813</u>
Expenditures				
Parks and recreation:				
Water quality monitoring	—	—	—	28,554
30% advertising allocation	704,400	786,356	(81,956)	717,653
North Myrtle Beach Chamber	480,000	480,000	—	599,173
Services to other agencies	8,700	8,700	—	8,529
Total expenditures	<u>1,193,100</u>	<u>1,275,056</u>	<u>(81,956)</u>	<u>1,353,909</u>
Excess of revenue over expenditures	<u>1,039,500</u>	<u>1,215,275</u>	<u>175,775</u>	<u>918,904</u>
Other Financing Sources (Uses)				
Transfers (out) –				
General Fund	(654,723)	(654,723)	—	(542,407)
Street Improvement Fund	(53,963)	(53,963)	—	(19,656)
Beach Renourishment Fund	(13,657)	(13,657)	—	(14,838)
Stormwater Drainage Fund	(14,157)	(14,157)	—	—
Solid Waste Fund	(149,814)	(149,814)	—	(149,257)
Aquatic Center Fund	—	—	—	(8,150)
Beach Service Fund	(136,289)	(136,289)	—	(100,000)
Total other financing sources (uses)	<u>(1,022,603)</u>	<u>(1,022,603)</u>	<u>—</u>	<u>(834,308)</u>
Net change in fund balance	16,897	192,672	175,775	84,596
Fund balance, beginning of year	<u>90,628</u>	<u>90,628</u>	<u>—</u>	<u>6,032</u>
Fund balance, end of year	<u>\$ 107,525</u>	<u>\$ 283,300</u>	<u>\$ 175,775</u>	<u>\$ 90,628</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 22	\$ 49
Receivables	541,167	411,137
Total assets	<u>\$ 541,189</u>	<u>\$ 411,186</u>
Liabilities and Fund Balance		
Accounts payable	\$ 22	\$ 49
Due to General Fund	361,039	274,360
Due to Beach Service Fund	180,128	136,777
Total liabilities	<u>541,189</u>	<u>411,186</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 541,189</u>	<u>\$ 411,186</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

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

YEAR ENDED JUNE 30, 2012
 (With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Revenue				
Restricted intergovernmental:				
Local A-tax revenue	\$ 2,378,419	\$ 2,634,417	\$ 255,998	\$ 2,366,455
OTC Settlement	—	—	—	130,863
Penalties	5,000	4,886	(114)	9,302
Total revenue	<u>2,383,419</u>	<u>2,639,303</u>	<u>255,884</u>	<u>2,506,620</u>
Excess of revenue over expenditures	<u>2,383,419</u>	<u>2,639,303</u>	<u>255,884</u>	<u>2,506,620</u>
Other Financing Sources (Uses)				
Transfers (out) –				
General Fund	(1,570,000)	(1,761,164)	(191,164)	(1,674,180)
Beach Service Fund	(175,000)	(325,182)	(150,182)	(194,024)
Aquatic Center Fund	(638,419)	(552,957)	85,462	(638,416)
Total other financing sources (uses)	<u>(2,383,419)</u>	<u>(2,639,303)</u>	<u>(255,884)</u>	<u>(2,506,620)</u>
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1%) FEES
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and cash equivalents	\$ —	\$ 27
Receivables	<u>267,871</u>	<u>236,685</u>
Total assets	<u>\$ 267,871</u>	<u>\$ 236,712</u>
Liabilities and Fund Balance		
Accounts payable	\$ —	\$ 27
Due to General Fund	<u>267,871</u>	<u>236,685</u>
Total liabilities	<u>267,871</u>	<u>236,712</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 267,871</u>	<u>\$ 236,712</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1%) FEES
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2012
 (With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Revenue				
Restricted intergovernmental:				
Hospitality fees	\$1,970,000	\$ 2,026,850	\$ 56,850	\$ 1,927,165
Penalties	5,000	5,410	410	6,673
Total revenue	<u>1,975,000</u>	<u>2,032,260</u>	<u>57,260</u>	<u>1,933,838</u>
Excess of revenue over expenditures	<u>1,975,000</u>	<u>2,032,260</u>	<u>(57,260)</u>	<u>1,933,838</u>
Other Financing Sources (Uses)				
Transfers (out) – General Fund	<u>(1,975,000)</u>	<u>(2,032,260)</u>	<u>57,260</u>	<u>(1,933,838)</u>
Total other financing sources (uses)	<u>(1,975,000)</u>	<u>(2,032,260)</u>	<u>57,260</u>	<u>(1,933,838)</u>
Net change in fund balance	<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 FUNDS

The Debt Service Funds 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.

Stormwater Bonds:

To account for financial resources to be used for payment of stormwater debt.

Park Bonds:

To account for financial resources to be used for payment of park debt.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

STORMWATER BONDS
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Total assets	\$ —	\$ —
Liabilities and Fund Balance		
Fund Balance:		
Unassigned	\$ —	\$ —
Total liabilities and fund balance	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

STORMWATER BONDS

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

YEAR ENDED JUNE 30, 2012

(With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Total revenue	—	—	—	—
Expenditures				
Debt Service:				
Principal	—	1,106,720	(1,106,720)	1,065,836
Interest	—	33,280	(33,280)	74,164
Total expenditures	—	1,140,000	(1,140,000)	1,140,000
Excess (deficiency) of revenue over (under) expenditures	—	(1,140,000)	(1,140,000)	(1,140,000)
Other Financing Sources (Uses)				
Transfers in – Stormwater Drainage Special Revenue Fund	—	1,140,000	1,140,000	1,140,000
Total other financing sources (uses)	—	1,140,000	1,140,000	1,140,000
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

PARK BONDS
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 137,999	\$ —
Receivables, net	6,058	—
Total assets	<u>\$ 144,057</u>	<u>\$ —</u>
Liabilities and Fund Balance		
Fund Balance:		
Committed by ordinance	\$ 144,057	\$ —
Total liabilities and fund balance	<u>\$ 144,057</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

PARK BONDS

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

YEAR ENDED JUNE 30, 2012

(With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Revenue				
Property taxes:				
Current	\$ —	\$ 2,156,960	\$ 2,156,960	\$ —
Use of money and property:				
Interest on investments	—	1,340	1,340	—
Total revenue	—	2,158,300	2,158,300	—
Expenditures				
Debt Service:				
Principal	—	1,685,000	(1,685,000)	—
Interest	—	268,897	(268,897)	—
Bond agent fees	—	60,346	(60,346)	—
Total expenditures	—	2,014,243	(2,014,243)	—
Net change in fund balance	—	144,057	144,057	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ 144,057	144,057	\$ —

CITY OF NORTH MYRTLE BEACH

CAPITAL PROJECTS FUNDS

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

Capital Improvement:

To account for financial resources to be used for general capital asset acquisitions and replacements.

Street Improvement:

To account for financial resources to be used for paving streets and relocating utilities in the City.

Beach Renourishment:

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

Park Development:

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

Stormwater Drainage:

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	Non-Major Funds			Totals	Major Funds	
	Capital Improvement	Street Improvement	Beach Renourishment		Park Development	Stormwater Drainage
Assets						
Equity in pooled cash and cash equivalents	\$1,449,898	\$ 987,265	\$ 440,962	\$ 2,878,125	\$ 1,450,777	\$ 5,195,408
Receivables, net	—	—	—	—	—	128,120
Due from other governments	—	1,075,774	—	1,075,774	—	—
Restricted – cash and cash equivalents	—	—	—	—	11,731,489	—
Total assets	\$1,449,898	\$ 2,063,039	\$ 440,962	\$ 3,953,899	\$13,182,266	\$ 5,323,528
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 92,752	\$ —	\$ 7,776	\$ 100,528	\$ 44,175	\$ —
Total liabilities	92,752	—	7,776	100,528	44,175	—
Fund balances:						
Non-spendable	—	—	—	—	—	—
Restricted by others	680,770	—	—	680,770	—	3,000,000
Committed by ordinance	—	92,345	—	92,345	—	2,237,295
Assigned by management	246,220	1,970,694	1,540	2,218,454	13,138,091	—
Unassigned	430,156	—	431,646	861,802	—	86,233
Total fund balances	1,357,146	2,063,039	433,186	3,853,371	13,138,091	5,323,528
Total liabilities and fund balances	\$1,449,898	\$ 2,063,039	\$ 440,962	\$ 3,953,899	\$13,182,266	\$ 5,323,528

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	Non-Major Funds			Totals	Major Funds	
	Capital Improvement	Street Improvement	Beach Renourishment		Park Development	Stormwater Drainage
Revenue						
Use of money and property	\$ 8,897	\$ 1,390	\$ 394	\$ 10,681	\$ 19,915	\$ 6,238
Restricted intergovernmental	—	1,473,724	460,766	1,934,490	—	—
Sales and service charges	360	—	—	360	—	2,009,761
Miscellaneous	—	214,150	—	214,150	—	—
Total revenue	<u>9,257</u>	<u>1,689,264</u>	<u>461,160</u>	<u>2,159,681</u>	<u>19,915</u>	<u>2,015,999</u>
Expenditures						
Capital outlay:						
General government administration	785,517	—	—	785,517	—	—
Finance	—	—	—	—	—	43,386
Public works	293,584	3,144,328	43,171	3,481,083	—	760,537
Parks and recreation	—	—	—	—	341,842	—
Total expenditures	<u>1,079,101</u>	<u>3,144,328</u>	<u>43,171</u>	<u>4,266,600</u>	<u>341,842</u>	<u>803,923</u>
Excess (deficiency) of revenue over (under) expenditures	(1,069,844)	(1,455,064)	417,989	(2,106,919)	(321,927)	1,212,076
Other Financing Sources (Uses)						
Transfers in	1,500,000	1,454,460	13,657	2,968,117	—	14,157
Transfers (out)	—	—	—	—	(750,497)	(1,140,000)
Bond proceeds	—	—	—	—	16,496,381	—
Total other financing sources (uses)	<u>1,500,000</u>	<u>1,454,460</u>	<u>13,657</u>	<u>2,968,117</u>	<u>15,745,884</u>	<u>(1,125,843)</u>
Net change in fund balances	430,156	(604)	431,646	861,198	15,423,957	86,233
Fund balances, beginning of year	926,990	2,063,643	1,540	2,992,173	(2,285,866)	5,237,295
Fund balances, end of year	<u>\$1,357,146</u>	<u>\$ 2,063,039</u>	<u>\$ 433,186</u>	<u>\$3,853,371</u>	<u>\$13,138,091</u>	<u>\$ 5,323,528</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT
BALANCE SEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 1,449,898	\$ 927,654
Total assets	<u>\$ 1,449,898</u>	<u>\$ 927,654</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 92,752	\$ 664
Total liabilities	<u>92,752</u>	<u>664</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	680,770	773,062
Committed by ordinance	—	—
Assigned by management	246,220	153,928
Unassigned	430,156	—
Total fund balance	<u>1,357,146</u>	<u>926,990</u>
Total liabilities and fund balance	<u>\$ 1,449,898</u>	<u>\$ 927,654</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

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

YEAR ENDED JUNE 30, 2012
 (With comparative actual amounts for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Neg.)	Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 2,000	\$ 682	\$ (1,318)	\$ 910
Surplus sales	30,000	8,215	(21,785)	87,504
Sales and services:				
Development fees	—	360	360	240
Total revenue	<u>32,000</u>	<u>9,257</u>	<u>(22,743)</u>	<u>88,654</u>
Expenditures				
Capital outlay –				
General government administration:				
Land	—	19,800	(19,800)	—
Farmers market	—	144,397	(144,397)	—
Animal shelter	—	69,794	(69,794)	—
Escod roof	250,000	226,800	23,200	—
Phone system	—	324,726	(324,726)	—
Public safety:				
Fire trucks	—	—	—	660,415
Public works:				
Cherry Grove dredging	900,000	293,584	606,416	182,124
Parks and recreation:				
Central Park renovations	—	—	—	1,353,128
Total expenditures	<u>1,150,000</u>	<u>1,079,101</u>	<u>70,899</u>	<u>2,195,667</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,118,000)</u>	<u>(1,069,844)</u>	<u>48,156</u>	<u>(2,107,013)</u>
Other Financing Sources (Uses)				
Transfers in – General Fund	1,500,000	1,500,000	—	2,005,352
Transfers (out) – General Fund	—	—	—	—
Total other financing sources (uses)	<u>1,500,000</u>	<u>1,500,000</u>	<u>—</u>	<u>2,005,352</u>
Net change in fund balance	382,000	430,156	48,156	(101,661)
Fund balance, beginning of year	926,990	926,990	—	1,028,651
Fund balance, end of year	<u>\$ 1,308,990</u>	<u>\$ 1,357,146</u>	<u>\$ 48,156</u>	<u>\$ 926,990</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 987,265	\$ 2,015,460
Receivables, net	—	24,247
Due from other governments	1,075,774	168,065
Total assets	<u>\$ 2,063,039</u>	<u>\$ 2,207,772</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ —	\$ 144,129
Total liabilities	<u>—</u>	<u>144,129</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	92,345	—
Assigned by management	1,970,694	2,063,643
Unassigned	—	—
Total fund balance	<u>2,063,039</u>	<u>2,063,643</u>
Total liabilities and fund balance	<u>\$ 2,063,039</u>	<u>\$ 2,207,772</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT

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

YEAR ENDED JUNE 30, 2012

(With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 15,000	\$ 1,390	\$ (13,610)	\$ 1,637
Restricted intergovernmental:				
Horry County Road Fee	350,000	374,443	24,443	364,599
SCDOT road grants	900,000	975,432	75,432	—
Santee Cooper grants	200,000	123,849	(76,151)	2,459,466
Miscellaneous – underground utilities	—	214,150	214,150	95,000
Total revenue	<u>1,465,000</u>	<u>1,689,264</u>	<u>(224,264)</u>	<u>2,920,702</u>
Expenditures				
Capital outlay –				
Public works:				
6 th Ave intersection improvement	470,000	581,290	(111,290)	86,512
3 rd – 7 th Ave underground utilities	—	287,530	(287,530)	1,542,427
Barefoot Bridge painting	1,000,000	1,344,352	(344,352)	134,145
48 th Ave – road improvements	530,000	—	530,000	—
48 th Ave underground utilities	—	34,141	(34,141)	3,250
Resurfacing – roads	200,000	702,782	(502,782)	—
Beach access improvements	100,000	—	100,000	—
Sidewalks	250,000	89,085	160,915	—
Underground utilities	200,000	10,000	190,000	436,487
Intersection improvements	—	95,148	(95,148)	125
Total expenditures	<u>2,750,000</u>	<u>3,144,328</u>	<u>(394,328)</u>	<u>2,202,946</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,285,000)</u>	<u>(1,455,064)</u>	<u>(170,064)</u>	<u>717,756</u>
Other Financing Sources (Uses)				
Transfers in – General Fund	650,000	650,000	—	600,000
Transfers in – Accommodation (2%) Tax Fund	53,963	53,963	—	19,656
Transfers in – Park Improvement Fund	—	750,497	750,497	—
Total other financing sources (uses)	<u>703,963</u>	<u>1,454,460</u>	<u>750,497</u>	<u>619,656</u>
Net change in fund balance	(581,037)	(604)	580,433	1,337,412
Fund balance, beginning of year	<u>2,063,643</u>	<u>2,063,643</u>	<u>—</u>	<u>726,231</u>
Fund balance, end of year	<u>\$ 1,482,606</u>	<u>\$ 2,063,039</u>	<u>\$ 580,433</u>	<u>\$ 2,063,643</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 440,962	\$ 8,829
Total assets	<u>\$ 440,962</u>	<u>\$ 8,829</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 7,776	\$ 7,289
Total liabilities	<u>7,776</u>	<u>7,289</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	1,540	1,540
Unassigned	431,646	—
Total fund balance	<u>433,186</u>	<u>1,540</u>
Total liabilities and fund balance	<u>\$ 440,962</u>	<u>\$ 8,829</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT

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

YEAR ENDED JUNE 30, 2012

(With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 5,000	\$ 394	\$ (4,606)	\$ 51
Restricted intergovernmental:				
U.S. Army CORPS reimbursement	—	460,766	460,766	—
Total revenue	5,000	461,160	456,160	51
Expenditures				
Public works:				
Materials and supplies	25,000	19,078	5,922	36,278
Professional services	—	24,093	(24,093)	—
Total expenditures	25,000	43,171	(18,171)	36,278
Excess (deficiency) of revenue over (under) expenditures	(20,000)	417,989	(437,989)	(36,227)
Other Financing Sources (Uses)				
Transfers in – Accommodations (2%)Tax Fund	13,657	13,657	—	14,838
Total other financing sources	13,657	13,657	—	14,838
Net change in fund balance	(6,343)	431,646	(437,989)	(21,389)
Fund balance, beginning of year	1,540	1,540	—	22,929
Fund balance, end of year	\$ (4,803)	\$ 433,186	\$ (437,989)	\$ 1,540

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 1,450,777	\$ —
Restricted – cash and cash equivalents	11,731,489	—
Total assets	<u>\$ 13,182,266</u>	<u>\$ —</u>
Liabilities and Fund Balance		
Liabilities:		
Account payable	\$ 44,175	\$ 33,615
Due to General Fund	—	2,252,251
Total liabilities	<u>44,175</u>	<u>2,285,866</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	13,138,091	—
Unassigned (deficit)	—	(2,285,866)
Total fund balance	<u>13,138,091</u>	<u>(2,285,866)</u>
Total liabilities and fund balance	<u>\$ 13,182,266</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT

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

YEAR ENDED JUNE 30, 2012

(With comparative actual amounts for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Neg.)	Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 100,000	\$ 19,915	\$ (80,085)	\$ 1,975
Miscellaneous:				
Contributions	—	—	—	120
Total revenue	100,000	19,915	(80,085)	2,095
Expenditures				
Capital Outlay –				
Parks and recreation:				
Land acquisition	—	1,945	(1,945)	3,087,676
Park development	10,300,000	308,341	9,991,659	634,597
Professional services	—	31,556	(31,556)	—
Total expenditures	10,300,000	341,842	9,958,158	3,722,273
Excess (deficiency) of revenue over (under) expenditures	(10,200,000)	(321,927)	9,878,073	(3,720,178)
Other Financing Sources (Uses)				
Transfers in – General Fund	2,210,000	—	(2,210,000)	—
Transfers out – Street Improvement Fund	—	(750,497)	(750,497)	—
Bond proceeds	15,000,000	16,496,381	1,496,381	—
Total other financing sources (uses)	17,210,000	15,745,884	(1,464,116)	—
Net change in fund balance	7,010,000	15,423,957	8,413,957	(3,720,178)
Fund balance, beginning of year	(2,285,866)	(2,285,866)	—	1,434,312
Fund balance, end of year	\$ 4,724,134	\$ 13,138,091	\$ 8,413,957	\$ (2,285,866)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE
BALANCE SHEET

YEAR ENDED JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Equity in pooled cash and cash equivalents	\$ 5,195,408	\$ 4,541,503
Receivables, net	128,120	51,282
Due from Beach Service Fund	—	537,130
Due from Aquatic Fund	—	15,348
Prepaid items	—	95,000
Total assets	<u>\$ 5,323,528</u>	<u>\$ 5,240,263</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ —	\$ 2,968
Total liabilities	<u>—</u>	<u>2,968</u>
Fund balance:		
Non-spendable	—	95,000
Restricted by others	3,000,000	3,000,000
Committed by ordinance	2,237,295	2,142,295
Assigned by management	—	—
Unassigned	86,233	—
Total fund balance	<u>5,323,528</u>	<u>5,237,295</u>
Total liabilities and fund balance	<u>\$ 5,323,528</u>	<u>\$ 5,240,263</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE

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

YEAR ENDED JUNE 30, 2012

(With comparative actual amounts for June 30, 2011)

	2012		Variance	2011
	Budget	Actual	Positive (Neg.)	Actual
Revenue				
Use of money and property:				
Interest on investments	\$ 20,000	\$ 6,238	\$ (13,762)	\$ 9,353
Sales and service charges:				
Stormwater/drainage fees	1,985,000	2,000,441	15,441	1,988,024
Penalties	11,000	9,320	(1,680)	9,596
Less, adjustments/bad debts	—	—	—	(279)
Total revenue	<u>2,016,000</u>	<u>2,015,999</u>	<u>(1)</u>	<u>2,006,694</u>
Expenditures				
Finance:				
Overhead allocation –				
Accounting	14,306	13,950	356	13,455
Utility billing	29,979	29,436	543	30,705
Public works:				
Overhead allocation –				
Administration	42,272	37,564	4,708	42,513
Streets/drainage	111,956	118,080	(6,124)	105,759
Beach water quality monitoring	27,000	86,554	(59,554)	12,000
Capital outlay:				
Main Street drainage	3,000,000	26,076	2,973,924	19,213
18 th Ave. drainage	—	23,434	(23,434)	26,218
Drainage/Ocean out-fall	50,000	160,918	(110,918)	1,391
Hillside Street drainage basin	2,000,000	307,911	1,692,089	50,896
Total expenditures	<u>5,275,513</u>	<u>803,923</u>	<u>4,471,590</u>	<u>302,150</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,259,513)</u>	<u>1,212,076</u>	<u>4,471,589</u>	<u>1,704,544</u>
Other Financing Sources (Uses)				
Transfers in – Accommodations Tax Fund	14,157	14,157	—	—
Transfers (out) – Debt Service Fund	<u>(1,140,000)</u>	<u>(1,140,000)</u>	<u>—</u>	<u>(1,140,000)</u>
Total other financing sources (uses)	<u>(1,125,843)</u>	<u>(1,125,843)</u>	<u>—</u>	<u>(1,140,000)</u>
Net change in fund balance	<u>(4,385,356)</u>	<u>86,233</u>	<u>4,471,589</u>	<u>564,544</u>
Fund balance, beginning of year	<u>5,237,295</u>	<u>5,237,295</u>	<u>—</u>	<u>4,672,751</u>
Fund balance, end of year	<u>\$ 851,939</u>	<u>\$ 5,323,528</u>	<u>\$ 4,471,589</u>	<u>\$ 5,237,295</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, 2012
(With comparative amounts for June 30, 2011)

	2012	2011		2012	2011
Assets			Liabilities and Net Assets		
Current assets:			Current liabilities:		
Cash and cash equivalents	7,292,809	\$ 6,583,517	Accounts payable-trade	1,229,185	\$ 839,945
Equity in pooled cash and cash equivalents	4,866,349	2,404,715	Accrued payroll and related taxes	92,328	84,040
Accounts receivable, net	2,087,487	1,635,098	Contracts payable-current portion	905,000	856,667
Inventories	494,338	447,792		2,226,513	1,780,652
Due from other governments	267,713	271,817			
Due from Solid Waste Fund	—	239,858			
	<u>15,008,696</u>	<u>11,582,797</u>			
Restricted assets:			Current liabilities payable from restricted assets:		
Cash and cash equivalents:			Meter deposits and other	1,944,456	1,907,756
Bond and interest redemption and cushion funds	288	288	Total current liabilities payable from restricted assets	1,944,456	1,907,756
Customer meter deposits	1,944,456	1,907,756	Total current liabilities	4,170,969	3,688,408
Impact fees	1,592,427	3,249,867			
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>4,971,726</u>	<u>6,592,466</u>			
Total current assets	<u>19,980,422</u>	<u>18,175,263</u>			
Capital assets:			Long-term liabilities:		
Land	485,905	484,405	Accrued compensated absences	210,700	208,236
Buildings	668,218	668,218	Other post-employment benefits (OPEB)	466,608	466,608
Water and sewer systems	98,372,110	97,161,298	Contracts payable	7,348,333	8,253,333
Automotive equipment	1,104,240	1,122,064	Total long-term liabilities	8,025,641	8,928,177
Maintenance equipment	2,296,998	2,275,310	Total liabilities	12,196,610	12,616,585
Office equipment	1,646,110	1,646,110			
Construction in progress	2,242,103	2,631,976			
	106,815,684	105,989,381			
Less, accumulated depreciation	<u>(36,945,282)</u>	<u>(34,853,391)</u>			
Net capital assets	<u>69,870,402</u>	<u>71,135,990</u>			
Deferred charges:			Net Assets:		
Cost of purchased water/sewer rights	28,563,881	28,563,880	Invested in capital assets, net of related debt	69,870,402	71,135,990
Less, accumulated amortizations	<u>(15,557,815)</u>	<u>(14,678,643)</u>	Restricted debt service, capacity and deposits	3,027,270	4,684,710
Net deferred charges	<u>13,006,066</u>	<u>13,885,237</u>	Unrestricted	17,762,608	14,759,205
Total assets	<u>\$ 102,856,890</u>	<u>\$ 103,196,490</u>	Total net assets	90,660,280	90,579,905
			Total liabilities and net assets	<u>\$ 102,856,890</u>	<u>\$ 103,196,490</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, 2012
(With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Water usage fees	7,175,000	7,090,131	(84,869)	\$ 6,820,380
Sewer usage fees	4,915,000	4,670,480	(244,520)	4,553,069
Water taps	50,000	45,427	(4,573)	48,873
Sewer taps	20,000	22,116	2,116	26,335
Late payment penalties and service charges	155,000	129,798	(25,202)	134,195
Miscellaneous	2,500	131	(2,369)	24,225
Total operating revenue	12,317,500	11,958,083	(359,417)	11,607,077
Operating Expenses				
General Government Administration				
Overhead allocation –				
General services	498,802	448,173	50,629	507,470
Legislative	94,411	101,062	(6,651)	101,958
Administrative	119,296	101,434	17,862	117,018
Legal	162,316	190,141	(27,825)	224,067
Personnel	172,365	152,999	19,366	149,961
Total general government administration	1,047,190	993,809	53,381	1,100,474
Finance				
Overhead allocation –				
Accounting	214,591	209,251	5,340	201,822
Utility billing:				
Personal services	457,308	452,284	5,024	464,103
Operating expenses	142,275	136,430	5,845	149,995
Less overhead allocation	(89,938)	(88,307)	(1,631)	(92,115)
Total finance	724,236	709,658	14,578	723,805
Information Services				
Overhead allocation	242,249	252,263	(10,014)	255,592
Public Safety				
Overhead allocation –				
Communications	60,012	58,463	1,549	56,528

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 —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Operating Expenses (Continued)				
Planning/Development				
Overhead allocation – Code enforcement	36,759	34,539	2,220	34,647
Public Works				
Administrative:				
Personal services	745,328	693,198	52,130	788,147
Operating expenses	100,100	58,077	42,023	62,118
Overhead allocation	(169,085)	(150,255)	(18,830)	(170,053)
	676,343	601,020	75,323	680,212
Wastewater treatment:				
Personal services	454,572	457,652	(3,080)	449,964
Operating expenses	1,994,100	1,016,787	977,313	931,273
	2,448,672	1,474,439	974,233	1,381,237
Wells/lifts maintenance:				
Personal services	612,782	631,336	(18,554)	624,359
Operating expenses	879,600	718,330	161,270	734,130
	1,492,382	1,349,666	142,716	1,358,489
Construction/maintenance:				
Personal services	1,144,413	1,131,071	13,342	1,179,956
Operating expenses	2,482,400	2,762,688	(280,288)	2,753,994
	3,626,813	3,893,759	(266,946)	3,933,950
Streets/drainage:				
Overhead allocation	111,956	118,080	(6,124)	105,759
Total public works	8,356,166	7,436,964	919,202	7,459,647
Support Services				
Overhead allocation – Purchasing	210,019	208,636	1,383	203,108
Fleet management	73,474	70,211	3,263	70,770
Custodial	127,936	169,094	(41,158)	195,767
Total support services	411,429	447,941	(36,512)	469,645
Depreciation and amortization expense	3,083,513	2,988,887	94,626	2,972,532
Total operating expenses	13,961,554	12,922,524	1,039,030	13,072,870
Operating income (loss)	(1,644,054)	(964,441)	679,613	(1,465,793)

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 —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Non-operating Revenue (Expenses)				
Interest earned on investments	225,000	86,618	(138,382)	140,516
Interest expense	(481,900)	(481,900)	—	(526,450)
Bond agent fees	(2,000)	—	2,000	—
Restricted intergovernmental:				
State/C – Funds/FEMA	—	—	—	1,132
Tower rental and other	185,000	287,653	102,653	216,435
Gain (loss) over sale of capital assets	—	1,425	1,425	—
Total non-operating revenue (expenses)	<u>(73,900)</u>	<u>(106,204)</u>	<u>(32,304)</u>	<u>(168,367)</u>
Capital Contributions				
Impact fees:				
Water	600,000	620,604	20,604	677,798
Sewer	400,000	511,455	111,455	533,291
Developer contributions	—	6,132	6,132	45,647
Construction for public use	50,000	12,829	(37,171)	43,851
Total capital contributions	<u>1,050,000</u>	<u>1,151,020</u>	<u>101,020</u>	<u>1,300,587</u>
Change in net assets	(667,954)	80,375	748,329	(333,573)
Net assets, beginning of year	<u>90,579,905</u>	<u>90,579,905</u>	<u>—</u>	<u>90,913,478</u>
Net assets, end of year	<u>\$ 89,911,951</u>	<u>\$ 90,660,280</u>	<u>\$ 748,329</u>	<u>\$ 90,579,905</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 72,847	\$ —
Accounts receivable, net	253,399	114,934
Total current assets	<u>326,246</u>	<u>114,934</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	32,262	32,262
Vehicles and equipment	5,872,137	5,474,423
	<u>6,217,599</u>	<u>5,819,885</u>
Less, accumulated depreciation	(4,424,232)	(4,017,822)
Net capital assets	<u>1,793,367</u>	<u>1,802,063</u>
Total assets	<u>\$ 2,119,613</u>	<u>\$ 1,916,997</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 61,572	\$ 60,970
Accrued payroll and related taxes	52,478	46,724
Due to Water and Sewer Utility Fund	—	239,858
Total current liabilities	<u>114,050</u>	<u>347,552</u>
Long-term liabilities:		
Accrued compensated absences	121,858	119,642
Other post-employment benefits (OPEB)	247,028	247,028
Total long-term liabilities	<u>368,886</u>	<u>366,670</u>
Total liabilities	<u>482,936</u>	<u>714,222</u>
Net assets:		
Investment in capital assets	1,793,367	1,802,063
Unrestricted (deficit)	(156,690)	(599,288)
Total net assets	<u>1,636,677</u>	<u>1,202,775</u>
Total liabilities and net assets	<u>\$ 2,119,613</u>	<u>\$ 1,916,997</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, 2012
(With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Solid waste user fees and penalties	\$ 3,986,000	\$ 3,978,960	\$ (7,040)	\$ 3,988,780
Trash bags	12,000	10,020	(1,980)	7,986
Total operating revenue	3,998,000	3,988,980	(9,020)	3,996,766
Operating Expenses				
General government administration				
Overhead allocation –				
General services	85,509	76,830	8,679	86,995
Legislative	14,162	15,159	(997)	15,294
Administration	17,894	15,215	2,679	17,553
Legal	24,347	28,521	(4,174)	33,610
Personnel	68,946	61,200	7,746	59,984
Total general government administration	210,858	196,925	13,933	213,436
Finance				
Overhead allocation –				
Accounting	42,918	41,850	1,068	40,364
Utility billings	59,959	58,871	1,088	61,410
Total finance	102,877	100,721	2,156	101,774
Information Services				
Overhead allocation	48,450	50,453	(2,003)	51,118
Public works				
Administration – overhead allocation	126,814	112,691	14,123	127,540
Commercial collection:				
Personal services	278,669	263,474	15,195	266,395
Operating	144,000	104,218	39,782	116,027
	422,669	367,692	54,977	382,422
Transfer station:				
Personal services	187,780	187,050	730	191,790
Operating	576,250	523,575	52,675	563,050
	764,030	710,625	53,405	754,840
Residential collection:				
Personal services	696,592	635,817	60,775	647,926
Operating	254,000	257,504	(3,504)	154,031
	950,592	893,321	57,271	801,957

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

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

— CONTINUED —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Operating Expenses (Continued)				
Public works (Continued)				
Trash/litter collections:				
Personal services	193,681	182,744	10,937	186,221
Operating	54,250	64,128	(9,878)	55,627
	<u>247,931</u>	<u>246,872</u>	<u>1,059</u>	<u>241,848</u>
Beach cleaning:				
Personal services	155,562	131,742	23,820	148,152
Operating	65,500	71,691	(6,191)	57,667
	<u>221,062</u>	<u>203,433</u>	<u>17,629</u>	<u>205,819</u>
Recycling:				
Personal services	216,730	217,554	(824)	210,877
Operating	68,500	71,091	(2,591)	46,595
	<u>285,230</u>	<u>288,645</u>	<u>(3,415)</u>	<u>257,472</u>
Total public works	<u>3,018,328</u>	<u>2,823,279</u>	<u>195,049</u>	<u>2,771,898</u>
Support services				
Overhead allocation –				
Purchasing	16,472	16,364	108	15,930
Fleet management	91,844	87,763	4,081	88,463
Custodial	20,470	27,055	(6,585)	31,323
Total support services	<u>128,786</u>	<u>131,182</u>	<u>(2,396)</u>	<u>135,716</u>
Depreciation and amortization	<u>400,000</u>	<u>406,410</u>	<u>(6,410)</u>	<u>397,691</u>
Total operating expenses	<u>3,909,299</u>	<u>3,708,970</u>	<u>200,329</u>	<u>3,671,633</u>
Operating income (loss)	<u>88,701</u>	<u>280,010</u>	<u>191,309</u>	<u>325,133</u>
Non-operating Revenue (Expenses)				
Interest earned on investments	—	78	78	1
Restricted governmental:				
Grant – SCDHEC	—	4,000	4,000	—
Total non-operating revenue (expenses)	<u>—</u>	<u>4,078</u>	<u>4,078</u>	<u>—</u>
Transfers				
Transfers in – Accommodations (2%) Tax Fund	<u>149,814</u>	<u>149,814</u>	<u>—</u>	<u>149,257</u>
Change in net assets	<u>238,515</u>	<u>433,902</u>	<u>195,387</u>	<u>474,391</u>
Net assets, beginning of year	<u>1,202,775</u>	<u>1,202,775</u>	<u>—</u>	<u>728,384</u>
Net assets, end of year	<u>\$ 1,441,290</u>	<u>\$ 1,636,677</u>	<u>\$ 195,387</u>	<u>\$ 1,202,775</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER
BALANCE SHEET

JUNE 30, 2012

(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 400
Accounts receivable	12,977	8,533
Due from Beach Service Fund	—	1,240
Total current assets	<u>13,377</u>	<u>10,173</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	89,203	1,439
Furniture and equipment	716,751	716,752
	<u>10,506,832</u>	<u>10,419,069</u>
Less, accumulated depreciation	<u>(2,157,396)</u>	<u>(1,869,481)</u>
Net capital assets	<u>8,349,436</u>	<u>8,549,588</u>
Deferred charges:		
Debt issuance costs	68,721	68,721
Less, accumulated amortization	<u>(29,206)</u>	<u>(25,771)</u>
Total deferred charges	<u>39,515</u>	<u>42,950</u>
Total assets	<u>\$ 8,402,328</u>	<u>\$ 8,602,711</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 35,064	\$ 84,839
Accrued payroll and related taxes	29,365	26,536
Due to General Fund	50,851	—
Due to Stormwater Drainage Fund	—	15,348
Accrued interest payable	142,684	38,211
Current portion of note obligation	391,547	489,326
Unearned revenue	247,231	259,464
Total current liabilities	<u>896,742</u>	<u>913,724</u>
Long-term liabilities:		
Accrued compensated absences	36,426	28,280
Note payable	5,454,780	5,846,327
Other post-employment benefits (OPEB)	96,064	96,064
Total long-term liabilities	<u>5,587,270</u>	<u>5,970,671</u>
Total liabilities	<u>6,484,012</u>	<u>6,884,395</u>
Net assets:		
Invested in capital assets, net of related debt	2,503,110	2,213,935
Unrestricted (deficit)	<u>(584,794)</u>	<u>(495,619)</u>
Total net assets	<u>1,918,316</u>	<u>1,718,316</u>
Total liabilities and net assets	<u>\$ 8,402,328</u>	<u>\$ 8,602,711</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, 2012

(With comparative actual amounts for June 30, 2011)

	2012		Variance	2011
	Budget	Actual	Positive (Neg.)	Actual
Operating Revenue				
Sales and service charges:				
Membership fees	1,290,000	1,300,261	10,261	\$ 1,228,031
Day membership fees	60,000	51,765	(8,235)	49,975
Employee membership fees	120,000	123,841	3,841	125,133
Enrollment fees	45,000	49,486	4,486	52,511
Program fees	260,000	251,752	(8,248)	245,162
Merchandise sales	6,400	4,629	(1,771)	4,999
Food sales	31,600	32,633	1,033	29,162
Miscellaneous	1,000	7,791	6,791	2,070
Total operating revenue	1,814,000	1,822,158	8,158	1,737,043
Operating Expenses				
General government administration				
Overhead allocation –				
General services	28,503	25,610	2,893	28,998
Legislative	4,721	5,053	(332)	5,097
Administration	5,965	5,072	893	5,851
Legal	8,116	9,507	(1,391)	11,203
Personnel	34,473	30,600	3,873	29,992
Total general government administration	81,778	75,842	5,936	81,141
Finance				
Overhead allocation	28,612	27,900	712	26,910
Information Services				
Overhead allocation	16,150	16,818	(668)	17,039
Parks and Recreation				
Overhead allocation –				
Recreation administration	17,801	18,488	(687)	16,879
Aquatic:				
Personnel services	913,940	940,295	(26,355)	895,610
Operations and maintenance	571,598	532,741	38,857	524,982
Total parks and recreation	1,503,339	1,491,524	11,815	1,437,471
Support Services				
Overhead allocation –				
Purchasing	16,472	16,364	108	15,930
Custodial	20,470	27,055	(6,585)	31,323
Total support services	36,942	43,419	(6,477)	47,253
Depreciation and amortization	270,994	287,915	(16,921)	293,039
Total operating expenses	1,937,815	1,943,418	(5,603)	1,902,853

— 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 —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Operating income (loss)	(123,815)	(121,260)	2,555	(165,810)
Non-operating Revenue (Expenses)				
Interest earned on investments	—	83	83	116
Donations / fundraisers	—	—	—	6,250
Non-operating program fees and other	10,000	5,829	(4,171)	9,214
Gain on sale/disposal of capital assets	—	—	—	10,800
Amortization of debt issuance costs	(3,436)	(3,436)	—	(3,436)
Interest expense	(250,021)	(234,173)	15,848	(264,664)
Total non-operating revenue (expenses)	(243,457)	(231,697)	11,760	(241,720)
Transfers				
Transfers in:				
Accommodations (2%) Tax Fund	—	—	—	8,150
Local Accommodations (1.5%) Tax Fund	638,419	552,957	(85,462)	638,416
Total transfers	638,419	552,957	(85,462)	646,566
Change in net assets	271,147	200,000	(71,147)	239,036
Net assets, beginning of year	1,718,316	1,718,316	—	1,479,280
Net assets, end of year	<u>\$ 1,989,463</u>	<u>\$ 1,918,316</u>	<u>\$ (71,147)</u>	<u>\$ 1,718,316</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,601	\$ 8,714
Receivables, net	48,971	13,337
Due from Local Accommodations (1.5%) Fund	180,128	136,777
Inventories	1,188	6,193
Total current assets	<u>236,888</u>	<u>165,021</u>
Capital assets:		
Buildings	413,148	413,148
Furniture and equipment	1,150,927	1,237,226
	<u>1,564,075</u>	<u>1,650,374</u>
Less, accumulated depreciation	(1,036,588)	(944,462)
Net capital assets	<u>527,487</u>	<u>705,912</u>
Total assets	<u>\$ 764,375</u>	<u>\$ 870,933</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 53,532	\$ 62,257
Accrued payroll and related taxes	165,550	129,472
Due to General Fund	3,061,882	2,796,070
Due to Stormwater Drainage Fund	—	537,130
Due to Aquatic Center Fund	—	1,240
Total current liabilities	<u>3,280,964</u>	<u>3,526,169</u>
Net assets:		
Invested in capital assets, net of related debt	527,487	705,912
Unrestricted (deficit)	(3,044,076)	(3,361,148)
Total net assets	<u>(2,516,589)</u>	<u>(2,655,236)</u>
Total liabilities and net assets	<u>\$ 764,375</u>	<u>\$ 870,933</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, 2012

(With comparative actual amounts for June 30, 2011)

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Operating Revenue				
Sales and service charges:				
Beach service rentals	1,125,000	1,225,843	100,843	\$ 1,222,800
Water slide fees	125,000	119,979	(5,021)	116,736
Food and beverage sales	610,000	409,377	(200,623)	401,363
Less, sales tax/hospitality fees	(152,500)	(136,253)	16,247	(135,988)
Miscellaneous	—	10,766	10,766	1,490
Total operating revenue	1,707,500	1,629,712	(77,788)	1,606,401
Operating Expenses				
General government administration				
Overhead allocation –				
General services	28,503	25,610	2,893	28,998
Legislative	4,721	5,053	(332)	5,098
Administration	5,965	5,072	893	5,851
Legal	8,116	9,507	(1,391)	11,203
Personnel	86,183	76,500	9,683	74,980
Total general government administration	133,488	121,742	11,746	126,130
Finance				
Overhead allocation	71,530	69,750	1,780	67,274
Information Services				
Overhead allocation	24,225	25,226	(1,001)	25,559
Public safety				
Overhead allocation –				
Community service	36,006	35,078	928	33,917
Lifeguard services:				
Personnel services	475,695	579,857	(104,162)	396,863
Operations and maintenance	29,386	66,561	(37,175)	40,522
Total public safety	541,087	681,496	(140,409)	471,302
Parks and recreation				
Overhead allocation –				
Recreation administration	71,203	73,951	(2,748)	67,516
Concessions:				
Personnel services	525,092	529,898	(4,806)	525,869
Operations and maintenance	224,804	223,773	1,031	233,138
Total parks and recreation	821,099	827,622	(6,523)	826,523

— 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 —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Operating Expenses (Continued)				
Support services				
Overhead allocation -				
Purchasing	\$ 4,118	\$ 4,091	\$ 27	3,983
Fleet	18,369	17,553	816	17,693
Custodian	25,587	33,819	(8,232)	78,307
Total support services	48,074	55,463	(7,389)	99,983
Depreciation and amortization	186,001	178,424	7,577	270,075
Total operating expenses	1,825,504	1,959,723	(134,219)	1,886,846
Operating income (loss)	(118,004)	(330,011)	(212,007)	(280,445)
Non-operating Revenue (Expenses)				
Sponsorships and donations	—	4,664	4,664	—
Gain on sale/disposal capital assets	—	2,523	2,523	(10,336)
Total non-operating revenue (expenses)	—	7,187	7,187	(10,336)
Transfers				
Transfers in (out):				
General Fund	—	—	—	(6,689)
Accommodations (2%) Tax Fund	136,289	136,289	—	100,000
Local accommodations (1.5%) Tax Fund	175,000	325,182	150,182	194,024
Total transfers	311,289	461,471	150,182	287,335
Change in net assets	193,285	138,647	(54,638)	(3,446)
Net assets, beginning of year	(2,655,236)	(2,655,236)	—	(2,651,790)
Net assets, end of year	\$ (2,461,951)	\$ (2,516,589)	\$ (54,638)	\$ (2,655,236)

INTERNAL SERVICE FUNDS

Internal Service Funds are to be used to account for and report activity that provides goods and services to other funds and departments of the City on a cost-reimbursement basis.

Insurance Reserves:

To account for all revenues and expenses related to operating the City's risk financing activities of employee and retiree/non-employee health insurance.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 756,065	\$ —
Restricted cash and cash equivalents:		
HRA custodial account	122,460	—
Deposits and prepaid items	6,758	—
Total assets	<u>\$ 885,283</u>	<u>\$ —</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 1,903	\$ —
Claims payable	165,179	—
Health reimbursement account payable	126,326	—
Total current liabilities	<u>293,408</u>	<u>—</u>
Long-term liabilities:		
Accrued post-employment benefits (OPEB) expenses	913,871	—
Total liabilities	<u>1,207,279</u>	<u>—</u>
Net assets:		
Unrestricted (deficit)	<u>(321,996)</u>	<u>—</u>
Total net assets	<u>(321,996)</u>	<u>—</u>
Total liabilities and net assets	<u>\$ 885,283</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012
(With comparative actual amounts for June 30, 2011)

	2012			2011
	Budget	Actual	Variance Positive (Neg.)	Actual
Operating Revenue				
Sales and service charges:				
Health premiums –				
Employee charges	\$ —	\$ 2,798,869	\$ 2,798,869	\$ —
Dependent withholdings	—	583,632	583,632	—
Retiree/non-employee contributions	—	218,724	218,724	—
Reinsurance reimbursements	—	675	675	—
Total operating revenue	—	3,601,900	3,601,900	—
Operating Expenses				
General government administration				
Employee health expenses –				
General services	—	6,908	(6,908)	—
Legislative	—	7,188	(7,188)	—
Administration	—	79,743	(79,743)	—
Legal	—	12,350	(12,350)	—
Personnel	—	70,591	(70,591)	—
Retiree/non-employee health expenses	—	1,275,190	(1,275,190)	—
Total general government administration	—	1,451,970	(1,451,970)	—
Finance				
Employee health expenses	—	204,421	(204,421)	—
Information Services				
Employee health expenses	—	32,899	(32,899)	—
Public safety				
Employee health expenses –				
Administration	—	32,023	(32,023)	—
Uniform patrol	—	335,599	(335,599)	—
Community service	—	59,917	(59,917)	—
Detectives	—	55,646	(55,646)	—
Communications/detention	—	115,167	(115,167)	—
Records	—	29,653	(29,653)	—
Victims assistance	—	4,785	(4,785)	—
Police training	—	14,245	(14,245)	—
Fire/rescue	—	290,606	(290,606)	—
Fire prevention/inspection	—	42,165	(42,165)	—
Total public safety	—	979,806	(979,806)	—

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS –
BUDGET AND ACTUAL

— CONTINUED —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Operating Expenses (Continued)				
Public Works				
Employee health expenses –				
Streets/drainage	—	214,979	(214,979)	—
Water and sewer	—	402,710	(402,710)	—
Solid waste	—	247,461	(247,461)	—
Total public works	—	865,150	(865,150)	—
Planning/Development				
Employee health expenses –				
Administration	—	58,466	(58,466)	—
Building	—	200,598	(200,598)	—
Total planning/development	—	259,064	(259,064)	—
Parks and recreation				
Employee health expenses –				
Recreation administration	—	103,106	(103,106)	—
Athletics	—	4,635	(4,635)	—
Programs	—	10,000	(10,000)	—
Parks and grounds	—	83,986	(83,986)	—
Aquatic center	—	53,803	(53,803)	—
Total parks and recreation	—	255,530	(255,530)	—
Support services				
Employee health expenses –				
Purchasing	—	32,165	(32,165)	—
Fleet	—	41,051	(41,051)	—
Custodian	—	100,194	(100,194)	—
Total support services	—	173,410	(173,410)	—
Total operating expenses	—	4,222,250	(4,222,250)	—
Operating income (loss)	—	(620,350)	(620,350)	—

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS –
 BUDGET AND ACTUAL

— CONTINUED —

	2012		Variance Positive (Neg.)	2011
	Budget	Actual		Actual
Non-operating Revenue (Expenses)				
Interest earned on investments	—	319	319	—
Sponsorships and donations – Wellness programs	—	49,808	49,808	—
SCLGAG deposits	—	248,227	248,227	—
Total non-operating revenue (expenses)	—	298,354	298,354	—
Change in net assets	—	(321,996)	(321,996)	—
Net assets, beginning of year	—	—	—	—
Net assets, end of year	\$ —	\$ (321,996)	\$ (321,996)	\$ —

CITY OF NORTH MYRTLE BEACH

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, 2012
(With comparative amounts for June 30, 2011)

	2012	2011
Assets		
Cash and temporary investments	\$ 13,472,230	\$ 13,452,826
Participant loans	984,697	759,620
Total assets	\$ 14,456,927	\$ 14,212,446
Net Assets		
Held in trust for employee’s pension benefits	\$ 14,456,927	\$ 14,212,446

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, 2012
(With comparative amounts for June 30, 2011)

	2012	2011
Additions		
Employer contributions	\$ 830,788	\$ 810,038
Employee (member) contributions	202,086	197,839
Investment income gain/(loss)	106,220	1,842,305
Non-vested rollover	—	24,673
Total additions	1,139,094	2,874,855
Deductions		
Benefit payments	835,048	805,652
Trustee fees	14,091	12,358
Forfeitures	45,474	35,061
Total deductions	894,613	853,071
Change in net assets	244,481	2,021,784
Net assets held in trust for employee's pension benefits:		
Beginning of year	14,212,446	12,190,662
End of year	\$ 14,456,927	\$ 14,212,446

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

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Cash and temporary investments	\$ 470,329	\$ 450,472
Net Assets		
Held in trust for employee's pension benefits	\$ 470,329	\$ 450,472

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, 2012
(With comparative amounts for June 30, 2011)

	2012	2011
Additions		
Employer contributions	\$ 10,944	\$ 10,923
Employee (member) contributions	10,944	10,923
Investment income gain/(loss)	5,969	66,318
Total additions	27,857	88,164
Deductions		
Benefit payments	8,000	—
Total deductions	8,000	—
Change in net assets	19,857	88,164
Net assets held in trust for employee’s pension benefits:		
Beginning of year	450,472	362,308
End of year	\$ 470,329	\$ 450,472

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 AGENCY FUND
 FIREMEN'S FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2012

	Beginning Balance 6/30/11	Additions	Deductions	Ending Balance 6/30/12
Assets				
Cash and cash equivalents	\$ 16,618	\$ 299,607	\$ (26,032)	\$ 290,193
Liabilities				
Due to Firemen's Association	\$ 16,618	\$ 299,607	\$ (26,032)	\$ 290,193

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, 2012
 (With comparative amounts for June 30, 2011)

	2012	2011
Governmental Funds Capital Assets		
Land	\$ 15,126,608	\$ 14,601,763
Land improvements	7,317,619	7,186,227
Buildings	21,281,987	20,840,996
Machinery and equipment	16,021,892	15,630,133
	59,748,106	58,259,119
Infrastructure:		
Roads	21,919,353	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
	54,082,279	53,284,649
Construction in progress	2,570,575	1,081,252
Total governmental funds capital assets	\$ 116,400,960	\$ 112,625,020
Investment in Governmental Funds Capital Assets by Source		
General Obligation Bonds	\$ 14,775,794	\$ 13,286,471
General Fund Revenue	83,472,254	81,710,482
Special Revenue Funds	6,704,671	6,704,671
Gifts and contributions from developers	11,448,241	10,923,396
Total investment in governmental funds capital assets	\$ 116,400,960	\$ 112,625,020

VICTIMS' RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
 YEAR ENDED JUNE 30, 2012

	2012
Court Fines and Assessments	
Court fines and assessments collected	\$ 846,435
Court fines and assessments remitted to State Treasurer	(461,247)
Total court fines and assessments retained	\$ 385,188
 Surcharges and Assessments Retained for Victims Service	
Total surcharges collected	\$ 38,973
Total assessments	20,956
Total surcharges and assessments	\$ 59,929
 Funds Allocated to Victims Service	
Carryover funds from prior year	\$ 65,530
Surcharges and assessments retained	59,929
Expenditures for victims service	(69,320)
Total unexpended victims rights assistance funds	\$ 56,139

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)..... 117-123

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)..... 124-128

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)..... 129-132

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)..... 133-135

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) 136-137

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Invested in capital assets, net of related debt	\$57,863,315	\$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
Restricted	4,570,958	4,364,806	981,627	370,247	280,938	295,569	1,063,240	1,049,601	1,098,748	1,141,465
Unrestricted	25,412,361	8,467,618	13,385,175	16,926,046	11,782,163	12,810,362	11,666,720	13,011,400	6,841,785	8,274,940
Total governmental activities net assets	\$87,846,634	\$83,524,408	\$80,440,472	\$79,683,565	\$72,059,896	\$67,754,580	\$59,883,223	\$54,034,659	\$48,780,320	\$44,845,262
Business-type Activities										
Invested in capital assets, net of related debt	\$74,694,365	\$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
Restricted	3,058,282	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
Unrestricted	13,868,758	10,303,150	8,805,767	6,347,822	7,806,643	6,774,378	6,972,508	7,726,850	8,537,750	2,809,111
Total business-type activities net assets	\$91,621,405	\$90,845,760	\$90,469,352	\$91,390,475	\$91,244,347	\$89,670,945	\$82,475,844	\$75,579,956	\$71,998,417	\$65,030,372
Primary Government										
Invested in capital assets, net of related debt	\$132,557,680	\$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
Restricted	7,629,240	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
Unrestricted	39,281,119	18,770,768	22,190,942	23,273,868	19,588,806	19,584,740	18,639,228	20,738,250	15,379,535	11,084,051
Total primary government net assets	\$179,468,039	\$174,370,168	\$170,909,824	\$171,074,040	\$163,304,243	\$157,425,525	\$142,359,067	\$129,614,615	\$120,778,737	\$109,875,634

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities:										
General Government	\$2,207,219	\$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
Information Services	794,118	552,729	464,356	430,655	349,883	-	-	-	-	-
Finance	630,853	853,129	890,656	752,495	657,347	901,788	780,200	747,756	685,707	615,604
Public Safety	12,461,512	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
Planning and Development	1,528,413	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
Public Works	4,872,278	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
Parks and Recreation	4,574,828	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
Support Services	2,143,354	883,701	796,998	748,813	791,744	624,342	571,110	475,183	611,112	386,769
Debt service - interest	494,544	176,685	421,619	451,621	439,195	445,674	375,076	546,175	306,896	541,585
Depreciation (unallocated)	-	-	-	756,800	723,410	3,226,639	2,685,978	2,588,902	2,407,554	2,242,844
Total governmental activities	\$29,707,119	\$28,896,374	\$28,618,162	\$26,911,288	\$24,706,220	\$23,530,641	\$20,812,068	\$21,143,045	\$18,727,883	\$17,515,948
Business-type activities:										
Water and sewer utility	\$13,449,246	\$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
Solid waste	3,733,699	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
Aquatic Center	2,185,319	2,167,517	2,248,606	2,255,884	2,300,591	2,220,718	1,638,962	163,149	35,985	-
Beach Services	1,959,723	1,886,846	1,889,646	2,125,599	2,454,720	1,028,145	-	-	-	-
Total business type-activities	\$21,327,987	\$21,325,316	\$20,982,750	\$21,848,855	\$21,788,692	\$19,846,104	\$17,132,363	\$14,465,938	\$12,774,711	\$12,108,860
Total primary government expenses	\$51,035,106	\$50,221,690	\$49,600,912	\$48,760,143	\$46,494,912	\$43,376,745	\$37,944,431	\$35,608,983	\$31,502,594	\$29,624,808
Program Revenue										
Governmental activities:										
Fees for services										
Storm Water	\$2,009,761	\$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
Fines	409,166	425,582	698,759	698,384	640,696	1,075,873	765,829	656,426	533,818	737,139
Building Permits	377,340	367,195	328,986	346,808	434,028	1,001,339	1,643,855	1,206,264	948,572	661,942
Other	483,759	398,874	155,462	139,472	331,341	204,577	476,595	231,007	102,505	227,910
Operating grants and contributions	1,133,814	2,919,065	1,806,030	456,982	445,707	2,099,130	61,404	154,959	1,205,168	893,912
Capital grants and contributions	2,456,082	644,989	573,294	6,303,509	1,582,531	1,125,000	587,704	2,998,980	768,155	61,315
Total primary government net assets	\$6,869,922	\$6,753,046	\$5,599,629	\$9,939,654	\$5,378,919	\$7,133,046	\$5,131,571	\$6,760,152	\$4,979,042	\$3,994,330

CONTINUED

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Transfers										
Business-type activities										
Fees for services										
Water & Sewer	\$11,958,083	\$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
Solid Waste	3,988,980	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
Other	3,451,870	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	1,151,020	1,312,519	-	3,064,214	4,063,757	9,066,557	8,644,138	5,040,737	7,498,495	3,264,897
Total business-type activities	\$20,549,953	\$20,259,806	\$18,963,969	\$20,495,523	\$21,331,693	\$24,946,458	\$22,140,138	\$16,851,060	\$19,030,988	\$13,981,527
Total primary government program revenue	\$27,419,875	\$27,012,852	\$24,563,598	\$30,435,177	\$26,710,612	\$32,079,504	\$27,271,709	\$23,611,212	\$24,010,030	\$17,975,857
Governmental activities:										
Property taxes	\$13,953,240	\$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
Accommodations and hospitality taxes	7,161,692	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
State shared taxes - unrestricted	920,270	745,289	789,170	1,134,677	883,306	820,197	955,045	891,991	2,452,909	1,572,791
Business licenses and franchise taxes	6,511,619	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
Unrestricted investment earnings	37,589	13,260	239,601	352,529	398,535	893,930	676,842	901,987	817,312	1,970,661
Miscellaneous	(260,745)	476,406	26,744	88,097	55,774	95,149	(65,101)	34,804	208,987	16,126
Transfers in/(out)	(1,164,242)	(1,083,158)	(953,214)	(1,041,218)	(1,211,178)	(970,714)	(959,390)	(708,061)	(357,794)	(125,000)
Total governmental activities	\$27,159,423	\$25,227,264	\$23,775,440	\$24,595,303	\$23,632,617	\$24,268,952	\$21,529,061	\$19,637,232	\$17,683,899	\$17,426,615
Business-type activities:										
Unrestricted investment earnings	\$86,779	\$140,633	\$144,444	\$265,690	\$819,223	\$1,124,033	\$928,723	\$327,142	\$201,315	\$293,442
Miscellaneous	302,658	218,127	-	192,552	-	-	-	161,214	152,659	124,461
Transfers in/(out)	1,164,242	1,083,158	953,214	1,041,218	1,211,178	970,714	959,390	708,061	357,794	125,000
Total business type-activities	\$1,553,679	\$1,441,918	\$1,097,658	\$1,499,460	\$2,030,401	\$2,094,747	\$1,888,113	\$1,196,417	\$711,768	\$542,903
Total primary government revenue and other changes	\$28,713,102	\$26,669,182	\$24,873,098	\$26,094,763	\$25,663,018	\$26,363,699	\$23,417,174	\$20,833,649	\$18,395,667	\$17,969,518
Changes in Net Assets										
Governmental activities:										
Business-type activities	\$4,322,226	\$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
Total primary government changes in net assets	775,645	376,408	(921,123)	146,128	1,573,402	7,195,101	6,895,888	3,581,539	6,968,045	2,415,570
Total primary government changes in net assets	\$5,097,871	\$3,460,344	(\$164,216)	\$7,769,797	\$5,878,718	\$15,066,458	\$12,744,452	\$8,835,878	\$10,903,103	\$6,320,567

TABLE III

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROGRAM REVENUE BY COMPONENT

(Accrual basis of accounting)
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Function/Program										
Governmental Activities:										
General Government	\$ 1,293,313	\$ 9,697	\$ 9,299	\$ 43,910	\$ 12,965	\$ 143,588	\$ 31,045	\$ 14,050	\$ 12,641	\$ 13,607
Information Services	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	955,610	1,030,879	1,222,163	698,384	878,357	1,075,873	765,829	674,464	563,149	1,015,492
Planning and Development	377,340	367,195	328,986	346,808	434,028	-	-	1,206,264	948,572	661,942
Public Works	3,949,750	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
Parks and Recreation	293,909	310,358	196,053	3,177,544	311,825	68,009	217,697	95,590	130,864	216,252
Support Services	-	-	-	-	-	-	-	24,800	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 6,869,922	\$ 6,753,046	\$ 5,599,629	\$ 9,939,654	\$ 5,378,919	\$ 7,133,046	\$ 3,487,716	\$ 6,760,152	\$ 4,979,042	\$ 3,994,330
Business-type activities										
Water and sewer utility	\$ 13,109,103	\$ 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
Solid waste	3,988,980	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
Aquatic Center	1,822,158	1,747,843	1,690,487	1,642,446	1,457,777	1,296,920	1,004,925	190,289	444,175	-
Beach Services	1,629,712	1,606,401	1,469,942	1,412,779	1,362,854	379,535	-	-	-	-
Total business-type activities	\$ 20,549,953	\$ 20,259,806	\$ 18,963,969	\$ 20,495,523	\$ 21,331,693	\$ 24,946,458	\$ 22,140,138	\$ 16,851,060	\$ 19,030,988	\$ 13,981,527
Total program revenues by function and program	\$ 27,419,875	\$ 27,012,852	\$ 24,563,598	\$ 30,435,177	\$ 26,710,612	\$ 32,079,504	\$ 25,627,854	\$ 23,611,212	\$ 24,010,030	\$ 17,975,857

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
FUND BALANCES - GOVERNMENTAL FUNDS

(Modified accrual basis of accounting)
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Non-spensible	\$ 274,416	\$ 432,554	\$ 190,024							
Restricted by Others	508,682	501,116	968,830							
Committed by Ordinance	392,500	392,500	392,500							
Assigned by Management	-	-	-							
Unassigned	10,117,180	8,756,419	7,733,570							
Total General Fund	\$ 11,292,778	\$ 10,082,589	\$ 9,284,924	\$ 9,752,787	\$ 9,690,476	\$ 11,510,840	\$ 13,181,507	\$ 10,412,103	\$ 8,840,672	\$ 7,579,976
Stormwater Fund										
Restricted by Others	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000							
Committed by Ordinance	2,237,295	2,142,295	1,672,751							
Assigned by Management	86,233	95,000	-							
Total Stormwater Fund	\$ 5,323,528	\$ 5,237,295	\$ 4,672,751							
Park Development Fund										
Assigned by Management	\$ 13,138,091	\$ -	\$ -							
Unassigned	-	(2,285,866)	1,434,312							
Total Park Development Fund	\$ 13,138,091	\$ (2,285,866)	\$ 1,434,312							
All Other Governmental Funds										
Restricted by Others	\$ 964,070	\$ 863,690	\$ 779,094							
Committed by Ordinance	236,402	-	347,933							
Assigned by Management	2,218,454	2,219,111	656,816							
Unassigned	861,802	-	-							
Total All Other Governmental Funds	\$ 4,280,728	\$ 3,082,801	\$ 1,783,843	\$ 8,882,846	\$ 2,895,137	\$ 2,166,042	\$ 1,481,041	\$ 1,570,761	(\$ 289,553)	\$ 2,285,366
Total Governmental Funds	\$ 34,035,125	\$ 16,116,819	\$ 17,175,830	\$ 18,635,633	\$ 12,585,613	\$ 13,676,882	\$ 14,662,548	\$ 11,982,864	\$ 8,551,119	\$ 9,865,342
Primary Government										
Invested in capital assets, net of related debt	\$ 132,557,680	\$ 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
Restricted	7,629,240	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
Unrestricted	39,281,119	18,770,768	22,190,942	23,273,868	19,588,806	19,584,740	18,639,228	20,738,250	15,379,535	11,084,051
Total primary government net assets	\$ 179,468,039	\$ 174,370,168	\$ 170,909,824	\$ 171,074,040	\$ 163,304,243	\$ 157,425,525	\$ 142,359,067	\$ 129,614,615	\$ 120,778,737	\$ 109,875,634

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenue										
Property taxes:										
Current property taxes	\$ 13,660,745	\$ 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
Delinquent property taxes	292,495	201,185	504,785	167,342	166,898	173,607	145,756	39,194	78,281	161,604
Licenses and permits	6,888,599	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
Fines and forfeitures	409,166	425,582	591,575	594,020	498,923	946,703	667,589	559,298	443,370	624,318
Use of money and property	199,597	264,265	239,601	352,529	573,178	893,930	745,955	901,987	182,466	374,655
Unrestricted intergovernmental	920,270	889,898	925,511	1,134,667	1,040,789	970,104	955,045	891,991	820,928	593,328
Restricted intergovernmental	9,617,774	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
Sales and service charges	2,384,764	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
Miscellaneous	1,123,814	312,904	30,346	1,405,218	220,687	1,177,052	13,474	29,128	18,999	79,705
Total revenue	\$ 35,497,224	\$ 33,175,718	\$ 30,490,955	\$ 35,585,873	\$ 29,235,636	\$ 32,289,257	\$ 27,908,523	\$ 26,869,520	\$ 22,312,507	\$ 20,007,632
Expenditures										
Current:										
General Government/Admin.	\$ 2,065,118	\$ 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
Finance	783,125	777,367	717,716	649,999	541,807	901,788	780,200	747,756	685,707	615,604
Information Services	496,118	443,719	328,899	348,220	349,883					
Public Safety	11,652,613	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
Planning and Development	1,506,101	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
Public Works	3,395,130	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
Parks and Recreation	4,453,727	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
Support Services	829,777	871,037	667,499	656,093	765,972	624,342	571,110	475,183	449,463	393,686
Debt service:										
Principal	3,446,423	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
Interest	506,985	262,740	366,663	291,231	380,323	463,741	438,980	578,583	306,896	676,296
Capital outlay	3,775,940	253,521	907,831	1,540,672	3,262,100	7,879,003	3,849,922	782,834	667,157	2,147,009
Total expenditures	\$ 32,911,057	\$ 33,151,571	\$ 30,885,293	\$ 33,668,392	\$ 29,115,727	\$ 33,023,489	\$ 27,928,777	\$ 27,783,780	\$ 23,459,484	\$ 20,395,190

CONTINUED

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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

	<u>2012</u>	<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>
Other Financing Sources (Uses)										
Bond Issuance	\$ 16,496,381	\$ -	\$ -	\$ 5,100,000	\$ -	\$ -	\$ 1,975,000	\$ 8,000,000	\$ -	\$ 1,471,000
Payment to refunded bond escrow agent	8,570,421	7,936,960	7,366,530	8,054,681	7,973,028	7,389,392	5,909,338	5,497,829	1,240,194	(1,445,000)
Transfers in	(9,734,663)	(9,020,118)	(8,319,744)	(9,095,998)	(9,184,206)	(8,360,106)	(6,868,728)	(6,748,216)	(1,407,440)	1,800,393
Transfers (out)	\$ 15,332,139	\$ (1,083,158)	\$ (953,214)	\$ 4,058,683	\$ (1,211,178)	\$ (970,714)	\$ 1,015,610	\$ 6,749,613	\$ (167,246)	\$ (99,000)
Total other financing sources (uses)	\$ 17,918,306	\$ (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)
Net change in fund balances										
Fund balances, beginning of year	16,116,819	17,175,830	18,523,382	12,659,469	13,676,882	15,381,828	14,386,472	8,551,119	9,865,342	10,351,900
Fund balances, end of year	\$ 34,035,125	\$ 16,116,819	\$ 17,175,830	\$ 18,635,633	\$ 12,585,613	\$ 13,676,882	\$ 15,381,828	\$ 14,386,472	\$ 8,551,119	\$ 9,865,342
Ratio of Debt Service to General Government Expenditures including Capital Outlay	<u>13.65%</u>	<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>

TABLE VI

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real and Personal Property</u>			<u>Less: Tax- Exempt</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Ratio of Total Assessed Value to</u>	
	<u>Real Estate</u>	<u>Personal</u>	<u>Estimated Actual Value</u>				<u>Estimated Actual Value</u>	
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 ⁽¹⁾	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	
2012	352,718,128	30,544,440	3,322,000	379,940,568	0.0380	6,337,624,000	6.0	

⁽¹⁾ Reassessment performed by Horry County.

Note: 1 mil is equal to \$376,619 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>
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
2012	38.0	44.5	130.2	0.7	213.4

Note 1: Each mil for North Myrtle Beach is equal to \$378,497 in property taxes.

Note 2: Millage is expressed in thousands when used in Table VI.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 PRINCIPAL PROPERTY TAXPAYERS

YEARS 2012 AND 2003

		2012			2003		
		Percentage of Total			Percentage of Total		
TAXPAYER	TYPE OF BUSINESS	ASSESSMENTS	Assessed Value	RANK	ASSESSMENTS	RANK	Assessed Value
Winchester N. Beach Towers LLC	Residential Development	6,270,816	1.65%	1	739,464	8	0.45%
Lawyers Title Insurance Corp	Condominium	3,407,466	0.90%	2			
TLAS SC I SPE, LLC	Residential Development	3,180,281	0.84%	3			
Bluegreen Vacations Unlimited Inc.	Condos	2,300,006	0.61%	4			
Fairfield Resorts, Inc.	Multi-Family Residential	2,161,746	0.57%	5			
THF Gator Hole	Commercial - Retail	2,043,498	0.54%	6	456,195	15	0.27%
Lakeside Festival Shopping	Commercial - Retail	2,033,436	0.54%	7			
Towers on the Grove	Condos	1,729,116	0.46%	8			
Wyndham Vacation Resorts Inc.	Condos	1,588,029	0.42%	9			
Tiente Limited Partnership	Commercial/Residential	1,455,150	0.38%	10			
BRGC, LLC	Golf Course	1,080,556	0.28%	11			
ETW Development Co. LLC	Condos	952,718	0.25%	12	469,195	14	0.28%
Boulineau's Inc.	Commercial/Residential	942,605	0.25%	13			
Ocean Keyes Dev., LLC	Residential Development	937,958	0.25%	14			
Frontier Communications	Telecommunications	932,800	0.25%	15			
Bahama Sands	Condos	712,620	0.19%	16			
Peppertree Resort, LTD	Condos	686,760	0.18%	17	401,532	17	0.24%
Worley, Harold G.	Commercial	671,125	0.18%	18	572,152	12	0.34%
Oprock Myrtle Fee, LLC	Hotel/Motel	611,946	0.16%	19			
HD Development, Inc.	Retail	533,574	0.14%	20			
Patten Resorts	Condos				2,065,020	1	1.24%
Silver Carolina Development	Residential / Dye Estates				1,626,438	2	0.98%
Barefoot Properties II LTD	Commercial				1,503,384	3	0.91%
Centex Homes	Residential Development				1,443,270	4	0.87%
Barefoot Private Golf Club, LLC	Golf Course				1,395,858	5	0.84%
Southern Land & Golf	Golf Course / Residential				1,142,842	6	0.69%
Barefoot Landing, Inc.	Commercial				825,468	7	0.50%
LLL Partnership	Condos				677,886	9	0.41%
Defender Development Group	Multi-Family Residential				658,362	10	0.40%
		\$34,232,206	9.01%		\$13,977,066		8.42%

TABLE IX

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Estate Levy	Amount	Percentage of Levy	Collections in Subsequent Years	Collections Amount	Percentage of Levy
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) ⁽¹⁾	6,452,638	97.3%
2006	7,921,913 ⁽²⁾	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 ⁽³⁾	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 ⁽⁴⁾	11,684,571	96.5%	66,615	11,751,186	97.0%
2011	14,311,506 ⁽⁵⁾	13,622,325	95.2%	122,104	13,744,429	96.0%

⁽¹⁾ Cash refunds from prior year assessment appeals.

⁽²⁾ Millage rate reduced to 30.5 from 35.7.

⁽³⁾ Millage rate increased to 32.2 from 30.5.

⁽⁴⁾ Millage rate reduced to 32.0 from 32.2.

⁽⁵⁾ Millage rate increased to 38.0 from 32.0 to cover debt on 2012 Park Improvement Bonds.

⁽⁶⁾ Property Taxes are collected by Horry Count and detail is not sufficient to present delinquent taxes by levy year.

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 ⁽¹⁾
	General Obligation Bonds	Lease and Storm Water Revenue Bonds	Water and Sewer System Revenue Bonds	Water and Sewer Contracts Payable	Aquatic Center Enterprise Fund						
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	8.25%	2,495	
2005	4,378,000	8,000,000	950,000	13,418,333	8,314,181			35,531,404	9.41%	2,928	
2006	3,254,000	9,089,239	725,000	12,790,000	8,016,643			34,386,339	8.67%	2,776	
2007	2,588,000	6,951,749	490,000	12,131,666	7,706,906			30,502,024	7.32%	2,412	
2008	1,895,000	4,467,410	255,000	11,433,333	7,384,471			25,435,214	5.81%	1,970	
2009	6,248,000	3,478,866	-	10,695,000	7,048,815			27,470,681	5.97%	2,084	
2010	5,031,424	2,452,794	-	9,920,000	6,699,397			24,103,615	4.99%	1,791	
2011	4,392,518	1,386,958	-	9,110,000	6,335,653			21,225,129	4.18%	1,545	
2012	17,052,815	280,238	-	8,253,333	5,846,327			31,432,713	5.90%	2,241	

⁽¹⁾ 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>
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 ⁽¹⁾	1.76%	473.98
2010	5,031,424	1.43%	373.86
2011	4,392,518	1.16%	319.69
2012	17,052,815 ⁽²⁾	4.49%	1,215.63

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

⁽²⁾ Includes the 2012 General Obligation Park Improvement Bond in the amount of \$15,000,000.

TABLE XII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

TOTAL DIRECT AND OVERLAPPING DEBT

JUNE 30, 2012

<u>Jurisdiction</u>	<u>Assessed Value</u>	<u>General Bonded Debt Outstanding</u>		<u>Amount Applicable to the City of Outstanding ⁽²⁾</u>
		<u>General Obligation & Revenue Bond Principal Outstanding ⁽¹⁾</u>	<u>Percentage Applicable to the City of North Myrtle Beach</u>	
City of North Myrtle Beach	\$ 379,940,568	15,793,000	100.00%	15,793,000
Sub-Total Direct Debt		\$ 15,793,000		\$ 15,793,000
Horry County	2,036,723,000	110,263,000	18.65%	20,564,050
Horry County School District	2,036,723,000	364,690,000	18.65%	68,014,685
Sub-Total Overlapping Debt		\$ 474,953,000		\$ 88,578,735
Grand Total Direct & Overlapping Debt		\$ 490,746,000		\$ 104,371,735

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

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	<u>2012</u>	<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>
Total Assessed Valuation	\$379,940,568	\$378,497,969	\$352,556,615	\$354,822,076	\$306,162,295	\$278,998,134	\$259,734,854	\$189,409,997	#####	#####
Maximum General Obligation Obligation Debt limited to 8% of total assessed valuation ⁽¹⁾	30,395,245	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
Outstanding bonds chargeable to bond limit ⁽²⁾	<u>15,510,000</u>	<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>
Legal debt margin	<u>\$14,885,245</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	<u>51.0%</u>	<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>

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

⁽²⁾ Includes only General Obligation Bonds.

TABLE XIV

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
 PLEDGED REVENUE - REVENUE BOND COVERAGE WATER AND SEWER
 ENTERPRISE FUND AND STORM WATER DRAINAGE FUND

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue ⁽¹⁾	Operating and Maintenance Expenses ⁽²⁾	Net Revenue Available for Debt Service	Total Debt Service Requirements ⁽³⁾		Debt Service Coverage	
				Principal	Interest		
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	10,027,816	7,632,393	2,395,423	936,667	805,100	1,741,767	138%
	1,606,960	-	1,606,960	853,040	314,604	1,167,644	137%
2006	11,730,817	8,606,218	3,124,599	853,333	700,241	1,553,574	201%
	1,711,205	-	1,711,205	810,661	234,339	1,045,000	164%
2007	12,335,826	9,205,793	2,930,431	893,333	708,977	1,602,310	183%
	1,647,144	-	1,647,144	919,737	220,263	1,140,000	144%
2008	12,335,826	9,298,912	3,036,914	933,333	556,518	1,489,851	204%
	1,958,240	24,160	1,934,080	951,723	188,277	1,140,000	170%
2009	12,337,086	9,578,845	2,758,241	993,333	618,037	1,611,370	171%
	5,207,821	853,538	4,354,283	988,544	151,456	1,140,000	382%
2010	13,310,978	9,736,224	3,574,754	775,000	568,787	1,343,787	266%
	2,005,549	431,716	1,573,833	1,026,073	113,927	1,140,000	138%
2011	13,304,028	10,100,338	3,203,690	810,000	526,450	1,336,450	240%
	2,006,694	302,150	1,704,544	1,065,836	74,164	1,140,000	150%
2012	13,309,589	9,933,637	3,375,952	856,667	481,900	1,338,567	252%
	2,015,999	285,584	1,730,415	1,106,720	33,280	1,140,000	152%

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

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

⁽³⁾ Added Stormwater Bonds in 2005.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROPERTY VALUES AND CONSTRUCTION
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Estimated Actual Value Amounts in 000's ⁽¹⁾	Single Family Units ⁽²⁾		Multi- Family Construction		Units	Commercial Construction		Total Construction
		Units	Construction	Units	Construction		Units	Construction	
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 ⁽³⁾	317	82,308,395	1190	220,231,483	488	73,666,454	376,206,332	
2007	4,699,320	201	57,374,305	730	159,950,167	14	24,101,710	241,426,182	
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	
2012	6,337,624	151	36,051,450	14	9,496,162	10	4,364,688	49,912,300	

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

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

(3) Horry County reassessment.

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

<u>Calendar Year</u>	<u>Population</u>	<u>Total Personal Income (amounts in thousands)</u>	<u>Per Capita Personal Income ⁽¹⁾</u>	<u>Horry County Unemployment Rate ⁽²⁾</u>
2003	11,642	342,333	29,405	5.3%
2004	11,886	359,588	30,253	5.2%
2005	12,135	377,711	31,126	4.8%
2006	12,389	396,748	32,024	4.7%
2007	12,648	416,744	32,949	4.3%
2008	12,912	437,748	33,902	5.6%
2009	13,182	459,999	34,896	12.1%
2010	13,458	483,183	35,903	10.3%
2011	13,740	507,535	36,939	10.5%
2012	14,028	533,115	38,004	10.1%

<u>INCOME</u>	<u>2009</u>			
	<u>Horry County Number</u>	<u>Horry County Percentage</u>	<u>North Myrtle Beach Number</u>	<u>North Myrtle Beach 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 2003 through 2012 are calculated using the previous year's growth rate due to the fact that no published figures are available for these years.

⁽¹⁾ Based on 2010 Census.

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

TABLE XVII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL EMPLOYERS

<u>Largest Employers in NMB - 2012 and 2006</u>			
<u>Rank</u>	<u>Employer</u>	<u>2012 # of Employees</u>	<u>2006 # of Employees</u>
1	City of North Myrtle Beach	611	300
2	Wyndham Sales & Marketing	500	
3	Wal-Mart	435	403
4	House of Blues	250	160
5	Boulineau's Inc.	219	250
6	Avista	200	
7	Bi-Lo (2 stores)	159	115
8	Lowes	150	100
9	Cracker Barrel	150	
10	Beach Cove	133	100
11	Baywatch Resort	112	
12	Dick's Last Resort	110	
13	Alabama Theatre	96	100
14	Olive Garden	95	
15	Barefoot Resort Golf	94	
16	Home Depot	88	109
17	T-Bonz	88	
18	Carrabba's	76	
19	Flying Fish Grill	75	
20	Outback	69	

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

TABLE XIX

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

MISCELLANEOUS STATISTICAL DATA

June 30, 2012

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	151,056
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	32,555
Annual Fire Calls	4,031
Traffic Stops	6,499
Arrests	2,124

BUILDING

Permits Issued	2,478
Estimated Cost of Construction	\$69,165,265
Inspections	7,776

SOLID WASTE

Garbage - Tons	11,602
Construction Debris - Tons	716
Yard Waste - Tons	4,764
Recycling - Tons	1,627

AQUATIC & FITNESS CENTER

Member Packages	2,149
Members	3,656

BEACH SERVICES

Lifeguard Stands	46
Rental Boxes	48
Mobile Carts	16