

CITY OF MYRTLE BEACH SOUTH CAROLINA



Comprehensive Annual
Financial Report
Fiscal Year Ended
June 30, 2011



First In Service

**CITY of MYRTLE BEACH,
SOUTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

CITY COUNCIL

MAYOR JOHN RHODES

MICHAEL CHESTNUT

PHILIP RENDER

RANDAL WALLACE

MIKE LOWDER

WAYNE GRAY

SUSAN MEANS

CITY OFFICIALS

THOMAS E. LEATH
CITY MANAGER

MARIA E. BAISDEN
DIRECTOR OF FINANCE

INTRODUCTORY

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended June 30, 2011**

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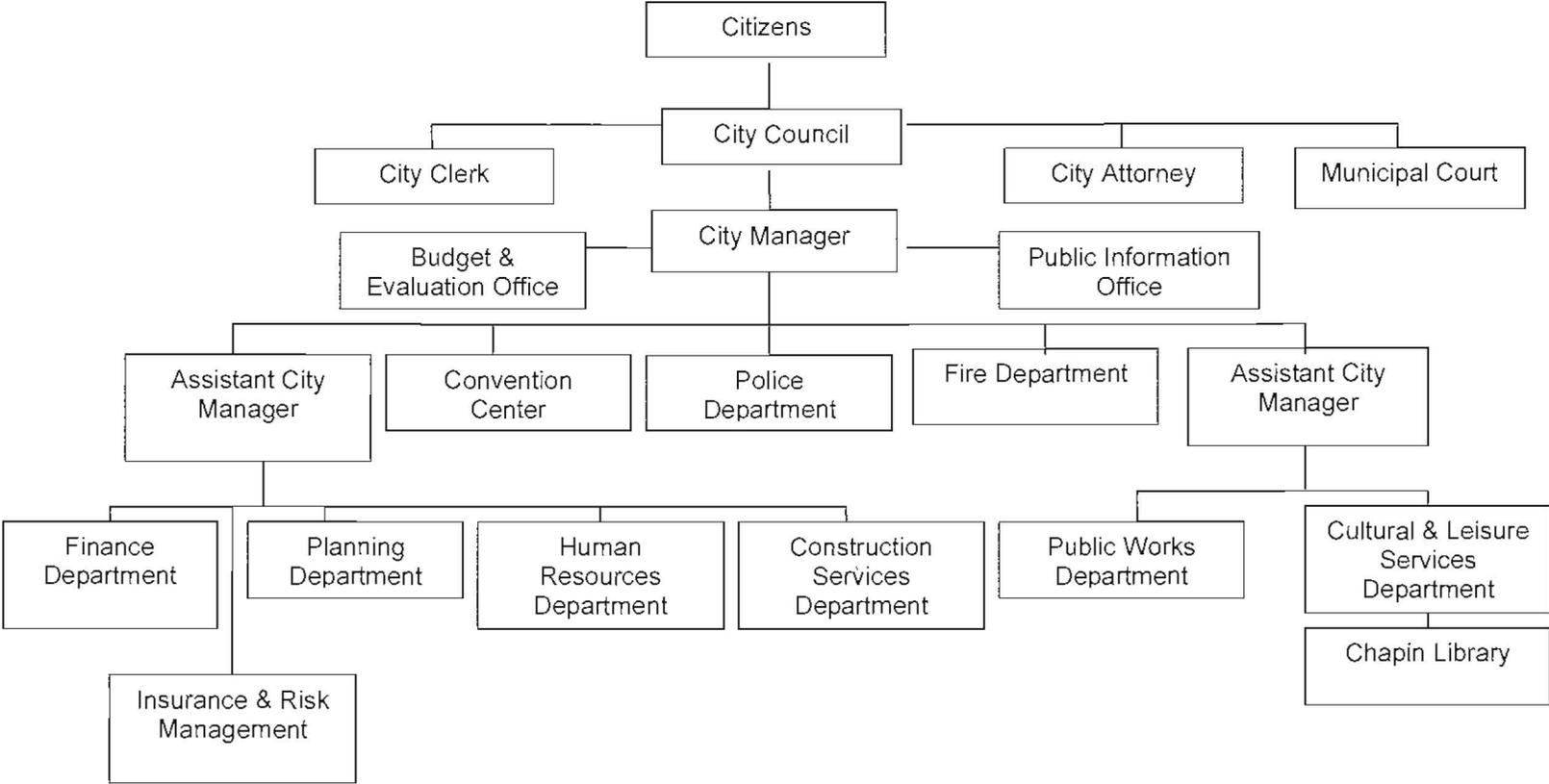
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City of Myrtle Beach

Organizational Chart





City of Myrtle Beach SOUTH CAROLINA

OFFICE OF THE FINANCE DIRECTOR

November 29, 2011

The Honorable Mayor John Rhodes, City Council and
City Manager of the City of Myrtle Beach, South Carolina

The Comprehensive Annual Financial Report of the City of Myrtle Beach, South Carolina, for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report includes all funds of the City, and as explained below, the activity of the Myrtle Beach Public Facilities Corporation, the Myrtle Beach Downtown Redevelopment Corporation and the Myrtle Beach Convention Center Hotel Corporation. The City provides a full range of services. These services include police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, recreational activities and cultural events. In addition to general government activities, the governing body operates a water and sewer system throughout the City and in certain areas adjacent to it.

This report includes one blended component unit, the Myrtle Beach Public Facilities Corporation (MBPFC). The MBPFC serves the City exclusively for financing purposes. This report also includes two discretely presented component units, the Myrtle Beach Downtown Redevelopment Corporation (MBDRC) and the Myrtle Beach Convention Center Hotel Corporation (MBCCHC). The MBDRC is responsible for promoting and assisting in the development of business concerns and residential housing in the downtown area of Myrtle Beach. City Council appoints a voting majority to the MBDRC's eleven-member board. The City can significantly influence the MBDRC's operations. The MBCCHC is responsible for the construction and operation of a convention center hotel. City Council appoints all members of the MBCCHC's board. The MBCCHC is fiscally dependent upon the City because City Council approves the MBCCHC's budget and must approve any debt issuances.

Generally accepted accounting principles require management to provide a narrative introduction, overview and analysis to the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A begins on page 3.

GENERAL INFORMATION

Geography: Myrtle Beach is in the center of a long coastal beach known as the Grand Strand. The Grand Strand is 60 miles long with a populated area ranging from only a few blocks to a couple of miles wide. The coastline is oriented northeast southwest and Myrtle Beach is about 23 miles south of the North Carolina boundary. The land is low and the entire section is quite flat, with no elevations exceeding 50 feet above sea level. There are many more trees and wooded regions than are usually found in a beach area. The beaches are of white sand and the coastal water is very clean, as there are no harbors, shipping or major industries in the area. No rivers or streams drain into the Atlantic for a distance of nearly 30 miles. The warm Gulf Stream current moves slowly northeastwardly along the coast.

History: A party of Spaniards from Hispaniola landed about 50 miles north of Myrtle Beach in 1526, and eventually established the first European settlement in the United States, about 30 miles south of Myrtle Beach. The settlement, San Miguel

de Cauldape, was abandoned the next year and the group returned to Hispaniola. Later settled by landowners, the area was gradually developed into one of the very large plantations, with rice the principal crop. The town of Myrtle Beach was incorporated in 1938, and became a City in 1957. Its name is taken from the wax myrtle shrub, which grows abundantly in the area. Most of the development into a large resort area, which Myrtle Beach has become, has taken place in the last 25 years.

Climate: Because of the location of the northeastern South Carolina coast, its climate is much closer to that of subtropical Florida than to the more rigorous conditions that prevail in the North Atlantic States. Thus, mild winters and warm summers are the rule. The Atlantic Ocean has a moderating effect, tending to prevent extremely high or low temperatures, and the presence of the warm Gulf Stream tends to raise the temperature of the air masses from the northwest, cool air masses from the west, and warm air masses from the south and southwest. The average air temperature varies from a low of 57 in January to a high of 88 in July. The average water temperature varies from a low of 49 in January to a high of 83 in July.

Population: Since 1950, the population has grown approximately 710% as shown in the following exhibit:

<u>Year</u>	<u>Population</u>
1950	3,345
1960	7,834
1970	9,035
1980	18,477
1990	24,840
2000	30,852
2010	27,109

Government: The Myrtle Beach government is organized according to the Council-Manager form of government. The Mayor and City Council constitute the governing body of the City and formulate policy for the administration of the City. The six members of the City Council are elected on an at-large basis to serve four-year overlapping terms of office. The Mayor is elected on an at-large basis to serve a four-year term of office. The Mayor presides at City Council meetings. In addition, a Mayor Pro-Tempore is elected by City Council members from their body for a period of two years to serve as Mayor during his absence or disability.

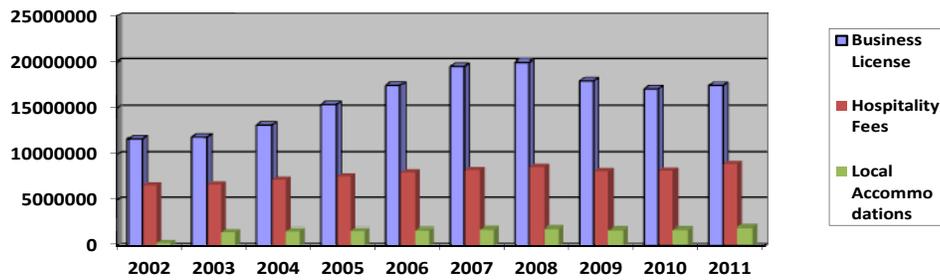
The City Council appoints the City Manager to serve as the City's chief executive officer and head of the administrative branch of City government. The City Manager is responsible for implementing the policies of the City Council, directing business and administrative procedures and appointing departmental officials and certain other City employees. At the present time, the City Manager is assisted by two assistant City Managers, eleven staff departments, which are Public Works, Public Information, Human Resources, Finance, Planning, Code Enforcement, Cultural and Leisure Services, Library, Police, Fire and the Convention Center.

FACTORS AFFECTING FINANCIAL CONDITION

Myrtle Beach has been able to weather the economic downturn. While the City has felt the effects, due to conservative fiscal policies of the past which conserved fund balance, it has been able to continue to provide “First in Service” to our visitors and our citizens. There have been minimal cut backs in service and no employees were laid off.

Business license revenue has remained almost flat with minimal growth. Hospitality fees and local accommodations taxes increased 9% and 13%, respectively, when compared to the prior year. These revenue sources are directly affected by fluctuations in economic activity. In most economic sectors, the downturn seems to have halted and in most sectors, especially hospitality, have begun to rebound.

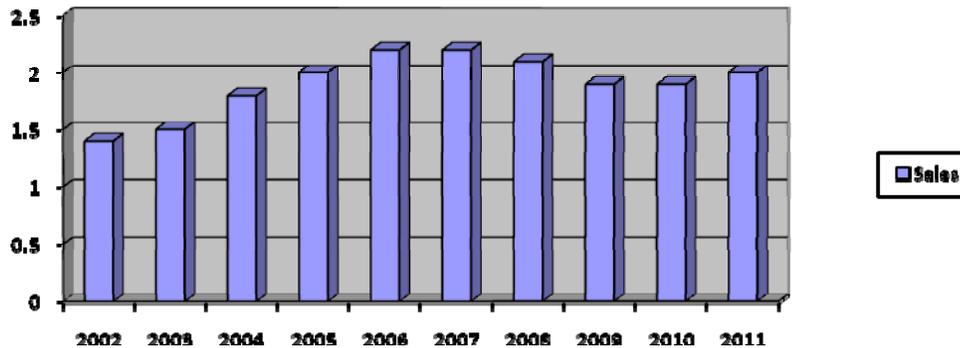
**Business License, Hospitality Fees and Local Accommodations Tax Revenues,
2002 - 2011**



Real property declined in value as a result of a reassessment conducted by the County. The new values reflect the market values of properties. For fiscal year 2011, real property declined in value from the previous year. However, the “rollback” formula (property tax millage reset as a result of reassessment) yielded an increased tax rate.

Another direct result of the current economic conditions is retail sales inside Myrtle Beach. After remaining flat for 2009 and 2010, retail sales were \$2.0 billion in 2011, an increase of 5% over the previous year.

Myrtle Beach Retail Sales, 2002-11 (\$ billions)

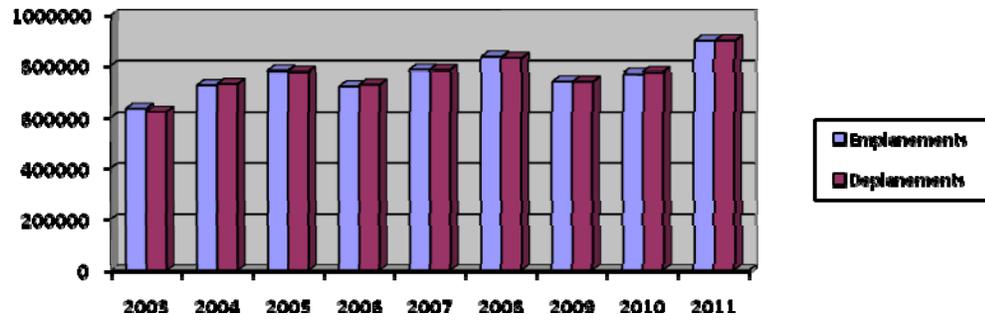


Accommodations taxes collected by the State from the accommodations and tourism industry within the City of Myrtle Beach for the fiscal year ended June 30, 2011 totaled \$7,419,900 of which \$6,728,035 was allocated back to the City of Myrtle Beach for tourism related expenditures.

The unemployment rate for calendar year 2010 was 11.4% compared to 9.6% in calendar year 2009.

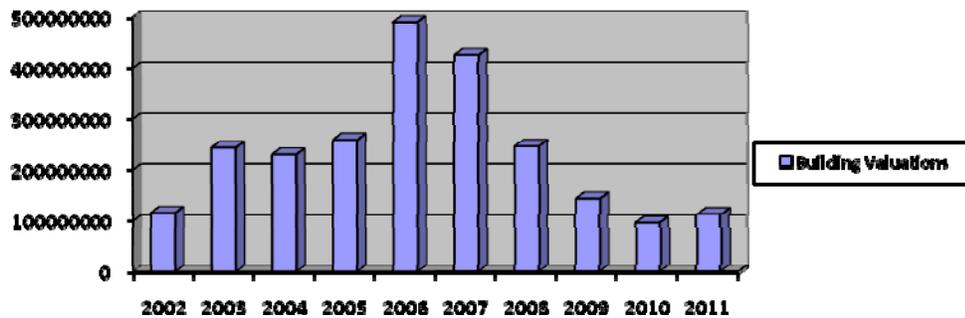
The number of passengers traveling through the Myrtle Beach International Airport increased 17%. Total passengers traveling through the airport were 1,801,366 for fiscal year 2011 compared with 1,543,120 in fiscal year 2010.

Passengers Handled-Myrtle Beach International Airport, 2003-June 2011



Figures for the year ended June 30, 2011, indicate that buildings permitted by the City totaled \$114,372,455, an increase of 19%. This level of activity is closer to a long-term “normal” rate, although it represents a significant decline in construction from the “bubble” the City experienced in 2003-2008.

Construction Permitted Inside Corporate Limit, 2002-11



In order to address the emerging structural changes in the balance of revenues and expenditures, the City adopted a mix of revenue increases and expenditure reductions. Since 2009, rates have been adjusted for recreation fees, solid waste fees, convention center parking charges and water and sewer fees.

The following measures were instituted in order to adjust expenditures to the resources available:

- Froze vacant positions.
- Used grant funds rather than current revenue for new acquisitions in library.
- Suspended merit bonus program for 2010-11; general increases suspended in 2009-10 remained so.
- Changed holiday overtime pay policy so that overtime pay for working on holidays is no longer automatic.
- Reduced use of overtime generally.
- Revised payment plan for accrued OPEB catch-up payments.
- Cut capital outlay expenditures.
- Deferred capital replacements.
- Deferred replacement of police vehicles, except for three critical units, for one year.
- Reduced hours at some City facilities.
- Assumed contract landscaping and maintenance services in-house; reduce frequency of maintenance at each location.

LONG TERM FINANCIAL PLANNING

Elements of financial planning in the City are: (1) use a balanced mix of revenues that will ensure reasonable stability for operation at continuous service levels through economic cycles, but will provide economic sensitivity suitable for responding to increased service demand in a rapid growth environment, (2) maintain operating expenditures within the City's ability to raise revenues while keeping tax and rate structures competitive and maintain strong prospects of structural balance over the long-term, (3) ensure continuity of service without the use of interim borrowing and (4) maintain adequate capital financing sources and low costs of borrowing by managing to ensure the City's credit worthiness.

The City adopts balanced budgets for each year and attempts to maintain structural balance between revenues and expenditures in each operating fund over the long term.

The City maintains and annually updates five year financial plans. The plans for the operating funds incorporate the effects of absorbing the operating costs of capital projects in the Capital Improvements Program, the Debt Management Plan and the Comprehensive Plan Implementation. Long term plans help to ensure structural balance of financing sources and uses by allowing the evaluation of long-term impacts of current decisions. Where structural deficits are found, the plans provide recommendations for corrective actions to restore structural balance in a timely fashion.

The City utilizes formal historic trend analysis to establish baseline estimates of major revenues and expenditures. The mathematical specifications of trends and their resulting long-term projections are updated annually. Revenue estimates are formulated so as to assume reasonable risk, but avoid overly optimistic projections. The City maintains operating expenditures within its ability to raise revenues. Annually recurring revenues must equal or exceed annually recurring expenditures.

The City utilizes a mix of operating revenues characterized by (1) some sources that offer reasonable stability to support operations at continuous service levels and (2) others that provide the elasticity necessary for responding quickly to the challenges of a rapid growth environment. Toward that end, the City will use more economically sensitive revenues, such as business license fees in the General Fund to allow more timely response to increased service demands during high-growth periods, and to ease the immediate burden on the ad valorem tax rate; stabilize the revenue base for payment of debt service and capital leases by utilizing a portion of the property tax levy for this purpose; avoid the use of non-recurring revenues to fund operations, using them instead to accumulate reserves or to fund capital improvements; and use more volatile sources (such as building permits) to fund pay-as-you-go capital improvements.

The City regularly evaluates the need and the availability of sufficient working capital to finance operations without interruption and without having to resort to short-term borrowing for operations. Working capital recommendations take into account the city's particular risk characteristics and are based upon an inventory model to plan for adequate inventories of unrestricted cash throughout the year. Recommended working capital levels are set based upon projections of cash flow patterns, which are well synchronized in some funds, especially enterprise funds, but asynchronous in most governmental funds. In the General Fund, this should normally be about 20% based upon the City's historical cash flows and the asynchronous nature of cash inflows and outflows. The City also retains a reserve of working capital to provide some cushion against possible interruption of cash inflows in the event of a natural disaster.

MAJOR INITIATIVES FOR THE YEAR

The City issued \$8,850,000 in tax increment bonds to fund Phase III construction of additional multi-sport athletic fields at the complex located at Grand Park and the acquisition or construction of public infrastructure in support of the development of Phase I of the Myrtle Beach International Commerce Park.

The City completed several public safety projects including installation of the new CAD system, renovation of the property and evidence room and installed mobile communication terminals in all fire apparatus. Renovation began on the former Myrtle Beach Rescue Squad building to provide additional bulk storage space and house the Waterfront/Special Operations, Bike Patrol and Patrol Shift Operations units.

The City completed the 38th avenue widening project and designed and installed eleven mid-block crossings on Ocean Boulevard.

The City replaced the carpeting throughout the public areas in the Convention Center and added a \$3.00 fee for parking in the facility's parking area. This fee generated \$240,214 in new revenue.

FOR THE FUTURE

Plans for the future address major comprehensive plan elements. Some of the projects are as follows:

- Convention Center HVAC and roof repair.
- Replacement of drainage and sod at Coastal BB&T Baseball Stadium.
- Replacement of recreation software used at centers for managing payments, scheduling and registration.
- Continued renovation of the former Myrtle Beach Rescue Squad building to provide additional bulk storage space and house the Waterfront/Special Operations, Bike Patrol and Patrol Shift Operations units.
- City Services building roof repair.
- Continued addition of ocean boulevard midblock crossings.
- Continued landscaping, storm water, underground utility conversion and roadway realignment projects in the area of 1st Avenue North to Withers Swash in the Downtown Redevelopment Area.
- Continued construction of the Grand Park ball field facilities.
- Continued installation of underground utilities.
- Continued neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration and signage.
- Continued storm water infrastructure improvements which address storm water flood control system maintenance and construction, ocean outfall projects and drainage maintenance improvements.
- Continued improvements to construction, replacement and extension of the water delivery system. Also, continued construction and replacement of the sewer system infrastructure and pump station upgrades.

INTERNAL CONTROL STRUCTURE

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. It must also ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should ordinarily not exceed the benefits to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic management evaluation.

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including those controls related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The result of the City's single audit for the fiscal year ended June 30, 2011, provided no instances of material weaknesses in the internal control structure or material violations of applicable laws and regulations.

In addition, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the general fund, special revenue funds, debt service fund, capital projects fund and enterprise funds are generally included in the annual appropriated budget. Project-length financial plans are also developed for capital improvements for internal control purposes. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end, and are reinstated against the following year's appropriation. Encumbrances generally are reappropriated, if necessary, by budget ordinance amendment during the course of the following year.

OTHER INFORMATION

Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Smith, Sapp, Bookhout, Crumpler & Calliham, P.A. was selected to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996, and related OMB Circular A-133. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the Single Audit Section.

Awards: 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 Myrtle Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, 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 that our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA.

Acknowledgments: The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. I would like to extend my appreciation to the staff of Smith, Sapp, Bookhout, Crumpler & Calliham, P.A., who participated directly or indirectly in providing technical guidance. In closing, I would like to thank the governing body of the City of Myrtle Beach for their leadership and support, which made the preparation of this report possible.

Sincerely yours,

A handwritten signature in cursive script that reads "Maria E. Baisden". The signature is written in black ink and is positioned below the "Sincerely yours," text.

Maria E. Baisden
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Myrtle Beach
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



President

Executive Director



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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Myrtle Beach, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Myrtle Beach, South Carolina, as of and for the year ended June 30, 2011, which collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Myrtle Beach, South Carolina's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011, on our consideration of the City of Myrtle Beach, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to disclose the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 69 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

Smith Sapp Bookhout Crumpler & Callihan
A Professional Association of Certified Public Accountants & Consultants

South Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants - Private Companies Practice Section

operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Myrtle Beach, South Carolina's financial statements as a whole. The introductory section, combining and individual fund statements and schedules, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund statements and schedules, other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



SMITH SAPP BOOKHOUT CRUMPLER & CALLIHAM
Professional Association of Certified Public Accountants

Myrtle Beach, South Carolina
November 28, 2011

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

Our discussion and analysis of the City of Myrtle Beach, South Carolina's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter, which begins on page v, and the City's financial statements, which begin on page 12.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$241,894,311 (net assets).
- The City's total net assets increased by \$4,130,558. This is the result of an increase in net assets of our governmental-type activities of \$7,268,372, or 7.0%, and a decrease in net assets of our business-type activities of \$3,137,814, or 2.3%.
- The City's total revenues amounted to \$140,765,350 during the year ended June 30, 2011. Revenues of governmental activities totaled \$112,153,174, a decrease of 1.1%, and revenues of business-type activities were \$28,612,176, a decrease of 8.1%.
- During the year ended June 30, 2011, the City's total expenses amounted to \$136,634,792. Expenses of governmental activities totaled \$105,183,102, an increase of 1.7%, and expenses of business-type activities were \$31,451,690, a decrease of 0.3%.
- At June 30, 2011, the City's governmental funds reported combined fund balances of \$49,136,189, an increase of \$10,138,424 in comparison to the prior year.
- There was an decrease in the City's investment in capital assets for the current fiscal year in the amount of \$2,442,456, or 1.0%, for governmental activities and a decrease of \$428,758, or 0.3%, for business-type activities.
- At year-end, the City had \$198,131,675 in outstanding bonds payable, note payable and capital lease obligations compared to \$195,273,210 last year, an increase of 1.5%.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (on pages 12 - 15) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The fiduciary fund financial statement on page 38 provides financial information about an activity for which the City acts as an agent on behalf of the City's firemen. The notes to the financial statements are an integral part of the financial statements and begin on page 39. This report also contains other information in addition to the basic financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 5. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the statement of net assets and the statement of activities, we have divided the City into three kinds of activities:

- *Governmental Activities* - Most of the City's basic services are reported here, including general government, public safety, transportation, community and economic development, culture and recreation and public works. Property taxes, local accommodations taxes, business license taxes, franchise taxes, hospitality fee taxes, local option tourism taxes, user fees and state and federal grants finance the majority of these activities.
- *Business-Type Activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer, baseball stadium, municipal golf course and solid waste management activities are reported here.
- *Component Units* - The City includes two separate legal entities in its report, the Myrtle Beach Downtown Redevelopment Corporation and the Myrtle Beach Convention Center Hotel Corporation. Although legally separate, these "component units" are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 7. The fund financial statements begin on page 16 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

- *Governmental Funds* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the "modified accrual basis of accounting", which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation following each governmental fund financial statement.
- *Proprietary Funds* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities. The internal service funds are reported with governmental activities in the government-wide financial statements.

The City as an Agent

The City is an agent, or fiduciary, for certain funds held on behalf of the City's firemen. The fiduciary fund financial statement can be found on page 38 of this report. We exclude this activity from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

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. The notes to the financial statements begin on page 39.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information beginning on page 69. Combining and individual fund statements and schedules and other supplementary information can be found on pages 75 - 105.

The City as a Whole

Condensed statements of net assets at June 30, 2011 and 2010 are shown below.

THE CITY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 92,269,933	\$ 77,612,316	\$ 21,432,946	\$ 24,847,871	\$ 113,702,879	\$ 102,460,187
Capital Assets (Net)	<u>224,362,735</u>	<u>226,805,191</u>	<u>131,041,684</u>	<u>131,470,442</u>	<u>355,404,419</u>	<u>358,275,633</u>
Total Assets	<u>\$ 316,632,668</u>	<u>\$ 304,417,507</u>	<u>\$ 152,474,630</u>	<u>\$ 156,318,313</u>	<u>\$ 469,107,298</u>	<u>\$ 460,735,820</u>
Long-Term Liabilities	\$ 177,022,637	\$ 176,516,055	\$ 15,550,002	\$ 16,607,907	\$ 192,572,639	\$ 193,123,962
Other Liabilities	<u>28,692,663</u>	<u>24,252,456</u>	<u>5,947,685</u>	<u>5,595,649</u>	<u>34,640,348</u>	<u>29,848,105</u>
Total Liabilities	<u>\$ 205,715,300</u>	<u>\$ 200,768,511</u>	<u>\$ 21,497,687</u>	<u>\$ 22,203,556</u>	<u>\$ 227,212,987</u>	<u>\$ 222,972,067</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	\$ 100,702,801	\$ 100,633,044	\$ 116,137,286	\$ 120,443,730	\$ 216,840,087	\$ 221,076,774
Restricted	15,425,677	14,971,016	760,011	736,834	16,185,688	15,707,850
Unrestricted	<u>(5,211,110)</u>	<u>(11,955,064)</u>	<u>14,079,646</u>	<u>12,934,193</u>	<u>8,868,536</u>	<u>979,129</u>
Total Net Assets	<u>\$ 110,917,368</u>	<u>\$ 103,648,996</u>	<u>\$ 130,976,943</u>	<u>\$ 134,114,757</u>	<u>\$ 241,894,311</u>	<u>\$ 237,763,753</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets at June 30, 2011 were \$241,894,311, an increase of \$4,130,558, or 1.7%, from a year ago.

The largest portion of the City's net assets, \$216,840,087 reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to 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.

An additional portion of the City's net assets, \$16,185,688, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets in the amount of \$8,868,536 may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in the City's net assets during the years ended June 30, 2011 and 2010 follows.

THE CITY'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,251,585	\$ 13,808,024	\$ 27,349,428	\$ 26,171,502	\$ 42,601,013	\$ 39,979,526
Operating Grants and Contributions	1,347,905	1,578,798			1,347,905	1,578,798
Capital Grants and Contributions	8,822,685	17,293,904	1,121,501	4,786,961	9,944,186	22,080,865
General Revenues:						
Property Taxes	25,567,159	27,607,156			25,567,159	27,607,156
Local Accommodations Taxes	2,064,510	1,827,916			2,064,510	1,827,916
Business License Taxes	17,516,219	17,149,465			17,516,219	17,149,465
Franchise Taxes	3,575,049	3,422,821			3,575,049	3,422,821
Hospitality Fee Taxes	9,028,583	8,275,596			9,028,583	8,275,596
Local Option Tourism Taxes	20,440,454	14,195,983			20,440,454	14,195,983
Grants and Contributions not Restricted to Specific Programs	8,177,320	7,904,766			8,177,320	7,904,766
Investment Earnings	<u>361,705</u>	<u>313,682</u>	<u>141,247</u>	<u>177,051</u>	<u>502,952</u>	<u>490,733</u>
Total Revenues	\$ <u>112,153,174</u>	\$ <u>113,378,111</u>	\$ <u>28,612,176</u>	\$ <u>31,135,514</u>	\$ <u>140,765,350</u>	\$ <u>144,513,625</u>
Expenses:						
General Government	\$ 11,296,314	\$ 12,243,661	\$	\$	\$ 11,296,314	\$ 12,243,661
Public Safety	31,177,095	33,225,681			31,177,095	33,225,681
Transportation	8,028,096	8,055,196			8,028,096	8,055,196
Community and Economic Development	26,563,059	21,708,312			26,563,059	21,708,312
Culture and Recreation	17,676,164	17,593,171			17,676,164	17,593,171
Public Works	1,434,430	1,568,038			1,434,430	1,568,038
Interest and Fiscal Charges	9,007,944	9,039,543			9,007,944	9,039,543
Water			12,493,346	12,376,562	12,493,346	12,376,562
Sewer			12,382,088	12,434,859	12,382,088	12,434,859
Baseball Stadium			707,597	761,567	707,597	761,567
Municipal Golf Course			1,819,724	1,885,640	1,819,724	1,885,640
Solid Waste Management			<u>4,048,935</u>	<u>4,092,051</u>	<u>4,048,935</u>	<u>4,092,051</u>
Total Expenses	\$ <u>105,183,102</u>	\$ <u>103,433,602</u>	\$ <u>31,451,690</u>	\$ <u>31,550,679</u>	\$ <u>136,634,792</u>	\$ <u>134,984,281</u>
Increase (Decrease) in Net Assets Before Transfers	\$ 6,970,072	\$ 9,944,509	\$ (2,839,514)	\$ (415,165)	\$ 4,130,558	\$ 9,529,344
Transfers	<u>298,300</u>	<u>(51,700)</u>	<u>(298,300)</u>	<u>51,700</u>		
Increase (Decrease) in Net Assets	\$ 7,268,372	\$ 9,892,809	\$ (3,137,814)	\$ (363,465)	\$ 4,130,558	\$ 9,529,344
Net Assets - Beginning	<u>103,648,996</u>	<u>93,756,187</u>	<u>134,114,757</u>	<u>134,478,222</u>	<u>237,763,753</u>	<u>228,234,409</u>
Net Assets - Ending	\$ <u>110,917,368</u>	\$ <u>103,648,996</u>	\$ <u>130,976,943</u>	\$ <u>134,114,757</u>	\$ <u>241,894,311</u>	\$ <u>237,763,753</u>

The City's total revenues amounted to \$140,765,350 for the year ended June 30, 2011. This is a decrease of \$3,748,275, or 2.6%. There were decreases in operating grants and contributions, capital grants and contributions, and property taxes. The largest decrease was in capital grants and contributions, which decreased by \$12,136,679, due to a one-time grant received in the prior year. The next largest decrease was in property taxes, which decreased by \$2,039,997, or 7.4%, primarily due to a credit taxpayers received as a result of the local option tourism tax. The largest increase was in local option tourism taxes, which increased by \$6,244,471, or 44.0%, primarily due to a full year's collection as compared to a partial year's collection in the prior year. Other large increases were in hospitality fee taxes and local accommodations taxes, which increased a combined \$989,581, or 9.8%, primarily due to increases in revenue in the hospitality industry.

The total cost of all programs and services was \$136,634,792 (increasing by \$1,650,511, or 1.2%). The largest increase was experienced in the community and economic development category in the amount of \$4,854,747, or 22.4%. The largest contributing factor to this increase was expenditures related to the new local option tourism tax. All revenues and interest from the tax must be used exclusively for tourism advertisement and promotion directed at non-South Carolina residents, except that up to twenty percent may be used for a property tax credit on owner occupied real property or tourism related capital projects, or a combination of these purposes. There were decreases in most of the other expense categories. The largest decrease was in the public safety category in the amount of \$2,048,586, or 6.3%. The largest contributing factors were reductions of overtime and fleet lease expenditures.

Governmental Activities

The City's net assets from governmental activities increased \$7,268,372. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from \$(11,955,064) at June 30, 2010 to \$(5,211,110) at the end of this year.

The City's programs for governmental activities include general government, public safety, transportation, community and economic development, culture and recreation and public works. Revenues for the City's governmental activities decreased by 1.1% (\$1,224,937) and total expenses increased 1.7% (\$1,749,500).

The cost of all governmental activities this year was \$105,183,102. However, as shown in the statement of activities beginning on page 14, the amount that our taxpayers ultimately financed for these activities was only \$79,760,927 because some of the cost was paid by those who directly benefited from the programs (\$15,251,585) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10,170,590). Overall, the City's governmental program revenues were \$25,422,175. The City paid for the remaining "public benefit" portion of governmental activities with general revenues, some of which could only be used for certain programs, totaling \$86,730,999.

Business-Type Activities

The City's net assets from business-type activities decreased \$3,137,814, or 2.3%.

The City's programs for business-type activities include water and sewer, baseball stadium, municipal golf course and solid waste management activities. Revenues of the City's business-type activities decreased by 8.1% (\$2,523,338) and expenses decreased by 0.3% (\$98,989).

The cost of all business-type activities this year was \$31,451,690. As shown in the statement of activities that starts on page 14, the amounts paid by users of the activities were \$27,349,428 and grants and contributions totaled \$1,121,501. Investment earnings were \$141,247.

The City's Funds

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$49,136,189, an increase of \$10,138,424 in comparison with the prior year. Of this amount, \$5,314,842, or 10.8%, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either not available for spending or restricted for specific purposes by external or self-imposed constraints.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,664,002, while total fund balance amounted to \$8,635,810. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 13.6% of total expenditures, while total fund balance represents 15.3% of that same amount. The General Fund's total fund balance increased by \$670,327 during the current fiscal year. This increase resulted primarily from increased collections in business license taxes (\$367,953 increase from fiscal year 2010), building permits (\$107,007 increase from fiscal year 2010) and lease revenues (\$60,997 increase from fiscal year 2010).

The Convention Center Fund has a total fund balance of \$(576,701), an increase of \$232,035 from the prior year. The major portion of this increase was due to an increase in charges for services (\$319,667 increase from the prior year).

The Local Option Tourism Fee Fund has a total fund balance of \$263,213, which was entirely restricted for tourism promotion and support. Total fund balance in the prior year was \$0.

The Air Base Tax Increment Revenue Fund has a total fund balance of \$15,992,730, an increase of \$7,945,928 from the prior year. The major portion of this increase was due to \$9,097,782 of proceeds from tax increment revenue. Of the total fund balance, \$2,459,017 is restricted for community development, \$10,535,384 is restricted for capital projects and \$2,998,329 is restricted for debt service.

The Capital Improvements Fund's total fund balance increased by \$88,712 to \$16,571,863 at June 30, 2011. Of this total, (a) \$1,447,670 is restricted for capital projects and tourism promotion and support and (b) \$15,124,193 is assigned for disaster recovery and capital projects.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$14,925,567. Total net assets decreased \$3,257,739 from the prior year.

Unrestricted net assets of the Baseball Stadium Fund, Municipal Golf Course Fund and Solid Waste Management Fund at the end of the year amounted to \$(939,208), \$(1,206,830) and \$(650,424), respectively. The increase in net assets in the Baseball Stadium Fund was \$221,132. The decrease in net assets in the Municipal Golf Course Fund and the Solid Waste Management Fund was \$644,864 and \$96,559, respectively. The decrease in the Municipal Golf Course Fund was due to a continued decline in golfing revenues. The decrease in the Solid Waste Management Fund was due to a decrease in a transfer in from another fund.

General Fund Budgetary Highlights

The original budget was amended during the year. The resources available for appropriation were \$787,654 below the final budgeted amounts. This decrease was primarily the result of a fines and forfeitures shortfall of \$517,200, a license and permits revenue shortfall of \$402,604, a charges for services shortfall of \$311,134, and a property tax shortfall of \$226,747. The actual charges to appropriations (expenditures) were \$1,461,868 below the final budgeted amounts.

Budget to actual comparisons for the General Fund can be found on page 69.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounted to \$355,404,419 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements, distribution systems, furniture, vehicles, equipment and infrastructure. The change in the City's investment in capital assets for the current fiscal year was a decrease of \$2,442,456, or 1.1%, for governmental activities and a decrease of \$428,758, or 0.3%, for business-type activities. The decrease in governmental activities and business-type activities was primarily due to current year depreciation expense.

**THE CITY'S CAPITAL ASSETS
(Net of Accumulated Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 28,546,743	\$ 28,546,743	\$ 18,685,751	\$ 18,685,751	\$ 47,232,494	\$ 47,232,494
Land Improvements	35,178,542	33,431,367	8,392,597	8,392,597	43,571,139	41,823,964
Buildings and Improvements	84,491,265	84,220,635	10,525,748	10,525,748	95,017,013	94,746,383
Distribution Systems			163,617,513	159,030,232	163,617,513	159,030,232
Furniture, Vehicles and Equipment	45,486,996	44,840,303	4,905,047	4,905,047	50,392,043	49,745,350
Infrastructure	168,360,182	161,946,367			168,360,182	161,946,367
Construction-in-Progress	2,796,464	2,110,233	94,240	570,531	2,890,704	2,680,764
Accumulated Depreciation	<u>(140,497,457)</u>	<u>(128,290,457)</u>	<u>(75,179,212)</u>	<u>(70,639,464)</u>	<u>(215,676,669)</u>	<u>(198,929,921)</u>
	\$ <u>224,362,735</u>	\$ <u>226,805,191</u>	\$ <u>131,041,684</u>	\$ <u>131,470,442</u>	\$ <u>355,404,419</u>	\$ <u>358,275,633</u>

More detailed information about the City's capital assets is presented in Note 9 to the financial statements.

Debt

At year-end, the City had \$198,131,675 in outstanding bonds payable, note payable and capital lease obligations compared to \$195,273,210 last year, an increase of 1.5%.

**THE CITY'S OUTSTANDING DEBT
Bonds Payable, Note Payable and Capital Lease Obligations**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General Obligation Bonds	\$ 43,325,000	\$ 45,780,000	\$	\$	\$ 43,325,000	\$ 45,780,000
Revenue Bonds			11,260,000	11,710,000	11,260,000	11,710,000
Certificates of Participation	12,660,000	12,840,000	5,235,000	5,760,000	17,895,000	18,600,000
Tax Incremental Revenue Bonds	58,952,603	50,434,821			58,952,603	50,434,821
Storm Water Revenue Bonds	11,528,152	12,053,226			11,528,152	12,053,226
Hospitality Fee Revenue Bonds	49,105,000	49,660,000			49,105,000	49,660,000
Note Payable	1,847,500	1,947,500			1,847,500	1,947,500
Capital Lease Obligations	<u>4,218,420</u>	<u>5,087,663</u>			<u>4,218,420</u>	<u>5,087,663</u>
	\$ <u>181,636,675</u>	\$ <u>177,803,210</u>	\$ <u>16,495,000</u>	\$ <u>17,470,000</u>	\$ <u>198,131,675</u>	\$ <u>195,273,210</u>

The City maintains credit ratings of AA, Aa2 for general obligation bonded debt. Under current state statutes, the City's general obligation debt issuances are subject to a legal limitation base of 8.0% of total assessed value. General obligation debt issued pursuant to referendum is not subject to the limitation. As of June 30, 2011, the amount of new debt, which could be issued without referendum, was \$13,137,923.

Other long-term obligations of the City include unreported insurance claims and compensated absences. More detailed information about the City's long-term liabilities is presented in Note 12 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2012 budget, tax rates and fees that will be charged for the business-type activities. Some of those factors are the economy, the population growth rate and inflation rates. The City has suffered the loss of significant amounts of operating revenues over the past few years. This was expected with regards to business license taxes, hospitality fee taxes and accommodations taxes. The City has also seen the erosion of property tax revenue as housing values have fallen. Business license taxes and building permits have been disrupted by the slowing of construction and reduction of insurance revenue.

These indicators were taken into account when adopting the General Fund budget for fiscal year 2012. The millage rate for ad valorem taxes is 66.1 mills. The new rate includes 55.0 mills for the General Fund, 3.5 mills for the Convention Center Fund and 7.6 mills for the Debt Service Fund. The debt service millage will only be billed for properties that are used as primary residences. The credit for operating millage for these properties will be offset by transfers from collections of the 1.0% tourism development fee occurring on July 1, 2011 and thereafter. Amounts available for appropriation in the General Fund budget for fiscal year 2012 are \$61,999,643, an increase of 6.9% from the fiscal year 2011 budget of \$57,996,799. In order to accommodate this increase, the 2012 budget includes modest growth in property taxes, licenses and permits and statewide accommodations taxes. There is also more ambitious growth expected in hospitality fee taxes, local option tourism fees, and local accommodations taxes. These increases in revenues and the normal rates of savings in departmental budgets during the year should allow the budgetary General Fund balance to remain intact by the close of 2012.

As for the City's business-type activities, there was a blended rate increase in water and sewer rates of 4.5%.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at Post Office Box 2468, Myrtle Beach, South Carolina 29578 or phone (843) 918-1100.

BASIC FINANCIAL STATEMENTS

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Temporary Investments	\$ 30,895,827	\$ 13,178,949	\$ 44,074,776
Receivables (Net)	17,580,823	2,328,333	19,909,156
Due From Component Unit	19,871,978		19,871,978
Internal Balances	(1,950,541)	1,950,541	
Inventories	296,659	928,803	1,225,462
Prepaid Assets	600	1,056	1,656
Restricted Cash and Temporary Investments	21,804,494	2,701,085	24,505,579
Land and Construction in Progress	31,343,207	18,779,991	50,123,198
Other Capital Assets (Net)	193,019,528	112,261,693	305,281,221
Deferred Bond Issuance Costs (Net)	3,770,093	344,179	4,114,272
Total Assets	\$ 316,632,668	\$ 152,474,630	\$ 469,107,298
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 17,876,416	\$ 2,815,421	\$ 20,691,837
Due to Primary Government			
Unearned Revenue	283,583	171,190	454,773
Liabilities Payable From Restricted Assets	821,027	2,961,074	3,782,101
Noncurrent Liabilities:			
Due Within One Year	9,711,637		9,711,637
Due in More Than One Year	177,022,637	15,550,002	192,572,639
Total Liabilities	\$ 205,715,300	\$ 21,497,687	\$ 227,212,987
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 100,702,801	\$ 116,137,286	\$ 216,840,087
Restricted for:			
Tourism Promotion and Support	2,716,350		2,716,350
Community Development	3,759,760		3,759,760
Capital Projects	2,237,607		2,237,607
Debt Service	6,268,020	550,011	6,818,031
Other	443,940	210,000	653,940
Unrestricted	(5,211,110)	14,079,646	8,868,536
Total Net Assets	\$ 110,917,368	\$ 130,976,943	\$ 241,894,311

The accompanying notes are an integral part of the financial statements.

<u>Component Units</u>	
<u>MB Downtown Redevelopment Corporation</u>	<u>MB Convention Center Hotel Corporation</u>
\$ 1,202,447 12,819	\$ 2,800,828 595,548
	69,816 371,251 3,298,133
<u>136,059</u>	<u>35,716,686</u> <u>952,055</u>
\$ <u>1,351,325</u>	\$ <u>43,804,317</u>
\$ 9,742 33,032	\$ 809,827 19,871,978 202,281 697,231
<u>8,108</u> <u>4,246</u>	<u>250,000</u> <u>20,819,334</u>
\$ <u>55,128</u>	\$ <u>42,650,651</u>
\$ 136,059	\$ 15,467,352
	2,411,405 619,497 <u>(17,344,588)</u>
<u>1,160,138</u>	
<u>\$ 1,296,197</u>	<u>\$ 1,153,666</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 11,296,314	\$ 2,978,554	\$	
Public Safety	31,177,095	2,127,885	753,599	
Transportation	8,028,096	1,832,000	62,900	4,724,714
Community and Economic Development	26,563,059	989,939	355,978	3,472,003
Culture and Recreation	17,676,164	7,323,207	175,428	625,968
Public Works	1,434,430			
Interest and Fiscal Charges	9,007,944			
Total Governmental Activities	\$ 105,183,102	\$ 15,251,585	\$ 1,347,905	\$ 8,822,685
Business-Type Activities:				
Water	\$ 12,493,346	\$ 12,462,158	\$	\$ 556,656
Sewer	12,382,088	9,725,734		564,845
Baseball Stadium	707,597	32,573		
Municipal Golf Course	1,819,724	1,167,064		
Solid Waste Management	4,048,935	3,961,899		
Total Business Type Activities	\$ 31,451,690	\$ 27,349,428	\$	\$ 1,121,501
Total Primary Government	\$ 136,634,792	\$ 42,601,013	\$ 1,347,905	\$ 9,944,186
Component Units:				
MB Downtown Redevelopment Corporation	\$ 1,305,834	\$ 1,813,483	\$	
MB Convention Center Hotel Corporation	16,805,453	13,608,142		
Total Component Units	\$ 18,111,287	\$ 15,421,625	\$	

General Revenues:

Property Taxes

Local Accommodations Taxes

Business License Taxes

Franchise Taxes

Hospitality Fee Taxes

Local Option Tourism Taxes

Grants and Contributions not Restricted to Specific Programs

Investment Earnings

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ (8,317,760)		\$ (8,317,760)		
(28,295,611)		(28,295,611)		
(1,408,482)		(1,408,482)		
(21,745,139)		(21,745,139)		
(9,551,561)		(9,551,561)		
(1,434,430)		(1,434,430)		
(9,007,944)		(9,007,944)		
<u>\$ (79,760,927)</u>		<u>\$ (79,760,927)</u>		
	\$ 525,468	\$ 525,468		
	(2,091,509)	(2,091,509)		
	(675,024)	(675,024)		
	(652,660)	(652,660)		
	(87,036)	(87,036)		
	<u>\$ (2,980,761)</u>	<u>\$ (2,980,761)</u>		
<u>\$ (79,760,927)</u>	<u>\$ (2,980,761)</u>	<u>\$ (82,741,688)</u>		
			\$ 507,649	\$ (3,197,311)
			<u>\$ 507,649</u>	<u>\$ (3,197,311)</u>
\$ 25,567,159		\$ 25,567,159	\$	\$
2,064,510		2,064,510		
17,516,219		17,516,219		
3,575,049		3,575,049		
9,028,583		9,028,583		
20,440,454		20,440,454		
8,177,320		8,177,320		
361,705	141,247	502,952	10,471	89,024
298,300	(298,300)			
<u>\$ 87,029,299</u>	<u>\$ (157,053)</u>	<u>\$ 86,872,246</u>	<u>\$ 10,471</u>	<u>\$ 89,024</u>
\$ 7,268,372	\$ (3,137,814)	\$ 4,130,558	\$ 518,120	\$ (3,108,287)
<u>103,648,996</u>	<u>134,114,757</u>	<u>237,763,753</u>	<u>778,077</u>	<u>4,261,953</u>
<u>\$ 110,917,368</u>	<u>\$ 130,976,943</u>	<u>\$ 241,894,311</u>	<u>\$ 1,296,197</u>	<u>\$ 1,153,666</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
ASSETS			
Cash and Temporary Investments	\$ 249,968	\$ 1,500	\$
Receivables (Net):			
Property Taxes	1,030,645		
Local Accommodations Taxes			
Hospitality Fees			
Storm Water Fees			
Accounts	2,316,908	109,281	
Intergovernmental	828,676		5,408,923
Loans			
Due From Other Funds	7,895,916		
Due From Component Unit		19,871,978	
Inventories	115,544		
Prepaid Assets	600		
Restricted Cash and Temporary Investments	1,266,546		
Total Assets	\$ 13,704,803	\$ 19,982,759	\$ 5,408,923
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 2,599,896	\$ 196,660	\$ 4,327,138
Due to Other Fund		531,483	818,572
Payable From Restricted Assets:			
Court Bonds	439,822		
Refundable Deposits	229,956		
Other	151,249		
Deferred Revenue	1,648,070	19,831,317	
Total Liabilities	\$ 5,068,993	\$ 20,559,460	\$ 5,145,710

The accompanying notes are an integral part of the financial statements.

<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 131,708	\$ 13,103,486	\$ 4,888,959	\$ 18,375,621
47,944		13,346	1,091,935
		337,579	337,579
		1,337,466	1,337,466
		44,498	44,498
	1,038,047	146,608	3,610,844
	1,493,267	2,463,912	10,194,778
		722,066	722,066
			7,895,916
			19,871,978
			115,544
			600
<u>15,949,516</u>	<u>1,464,603</u>	<u>3,123,829</u>	<u>21,804,494</u>
<u>\$ 16,129,168</u>	<u>\$ 17,099,403</u>	<u>\$ 13,078,263</u>	<u>\$ 85,403,319</u>
\$ 100,083	\$ 510,607	\$ 977,880	\$ 8,712,264
		3,822,289	5,172,344
			439,822
			229,956
			151,249
<u>36,355</u>	<u>16,933</u>	<u>28,820</u>	<u>21,561,495</u>
<u>\$ 136,438</u>	<u>\$ 527,540</u>	<u>\$ 4,828,989</u>	<u>\$ 36,267,130</u>

A-3 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund
LIABILITIES AND FUND BALANCES (continued)			
Fund Balances (Deficit):			
Nonspendable:			
Long-Term Receivables	\$	\$	\$
Inventories	115,544		
Prepaid Assets	600		
Restricted for:			
Tourism Promotion and Support			263,213
Community Development			
Capital Projects			
Debt Service			
Other	443,940		
Assigned for:			
Ocean Front Improvements	411,724		
Disaster Recovery			
Capital Projects			
Unassigned			
Total Fund Balances (Deficit)	\$ 8,635,810	\$ (576,701)	\$ 263,213
Total Liabilities and Fund Balances	\$ 13,704,803	\$ 19,982,759	\$ 5,408,923

The accompanying notes are an integral part of the financial statements.

<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$ 722,066	\$ 722,066
			115,544
			600
	1,000,000	1,437,664	2,700,877
2,459,017		578,677	3,037,694
10,535,384	447,670	292,836	11,275,890
2,998,329		6,990,490	9,988,819
			443,940
			411,724
	1,033,507		1,033,507
	14,090,686		14,090,686
		(1,772,459)	5,314,842
<u>\$ 15,992,730</u>	<u>\$ 16,571,863</u>	<u>\$ 8,249,274</u>	<u>\$ 49,136,189</u>
<u>\$ 16,129,168</u>	<u>\$ 17,099,403</u>	<u>\$ 13,078,263</u>	<u>\$ 85,403,319</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total Fund Balances - Total Governmental Funds	\$ 49,136,189
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	217,025,662
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	21,277,912
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	3,701,722
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(180,224,117)</u>
Net Assets of Governmental Activities	\$ <u>110,917,368</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	
REVENUES				
Property Taxes	\$ 17,482,056	\$ 1,066,390		\$
Local Accommodations Taxes				
Hospitality Fees				
Storm Water Fees				
Local Option Tourism Fee			20,440,454	
Licenses and Permits	21,014,534	744,000		
Fines and Forfeitures	1,185,600			
Intergovernmental	2,547,357	66,919		
Charges for Services	2,480,006	2,258,288		
Miscellaneous	3,076,946	940,425	89,871	
Total Revenues	<u>\$ 47,786,499</u>	<u>\$ 5,076,022</u>	<u>\$ 20,530,325</u>	\$
EXPENDITURES				
Current:				
General Government	\$ 10,503,356	\$ 329,246		\$
Public Safety	29,055,534			
Transportation	3,112,385			
Community and Economic Development	2,080,826		17,476,457	
Culture and Recreation	10,358,263	4,295,082		
Public Works	1,382,108			
Capital Outlay	46,346	13,715		
Debt Service:				
Principal				
Interest and Fiscal Charges				
Bond Issuance Costs				
Total Expenditures	<u>\$ 56,538,818</u>	<u>\$ 4,638,043</u>	<u>\$ 17,476,457</u>	\$
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (8,752,319)</u>	<u>\$ 437,979</u>	<u>\$ 3,053,868</u>	\$

The accompanying notes are an integral part of the financial statements.

Air Base Tax Increment Revenue Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
3,910,665	\$ 478,915	\$ 2,613,709	\$ 25,551,735
		2,065,000	2,065,000
		9,023,986	9,023,986
		1,836,316	1,836,316
			20,440,454
	140,000		21,898,534
		159,554	1,345,154
38,991	2,214,333	7,195,103	12,062,703
			4,738,294
11,913	2,982,567	193,223	7,294,945
<u>3,961,569</u>	<u>\$ 5,815,815</u>	<u>\$ 23,086,891</u>	<u>\$ 106,257,121</u>
	\$ 706,503	\$ 739,696	\$ 12,278,801
	214,244		29,269,778
	208,677	1,491,277	4,812,339
1,780,732	12,095	2,353,431	23,703,541
	287,549		14,940,894
			1,382,108
198,746	4,686,138	1,295,584	6,240,529
580,000		4,185,145	4,765,145
2,080,303		6,024,980	8,105,283
40,728			40,728
<u>4,680,509</u>	<u>\$ 6,115,206</u>	<u>\$ 16,090,113</u>	<u>\$ 105,539,146</u>
<u>(718,940)</u>	<u>\$ (299,391)</u>	<u>\$ 6,996,778</u>	<u>\$ 717,975</u>

A-5 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011**

	General Fund	Convention Center Fund	Local Option Tourism Fee Fund	
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 9,409,420	\$ 1,132,439		\$
Transfers Out		(1,338,383)	(2,790,655)	
Storm Water Revenue Bonds Issued				
Tax Increment Revenue Bonds Issued				
Sale of Capital Assets	13,226			
Total Other Financing Sources (Uses)	<u>\$ 9,422,646</u>	<u>\$ (205,944)</u>	<u>\$ (2,790,655)</u>	\$
Net Change in Fund Balances	\$ 670,327	\$ 232,035	\$ 263,213	\$
Fund Balances - Beginning	<u>7,965,483</u>	<u>(808,736)</u>		
Fund Balances - Ending	<u><u>\$ 8,635,810</u></u>	<u><u>\$ (576,701)</u></u>	<u><u>\$ 263,213</u></u>	\$

The accompanying notes are an integral part of the financial statements.

Air Base Tax Increment Revenue Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
	\$ 477,270	\$ 8,991,277	\$ 20,010,406
(432,914)	(89,167)	(15,060,987)	(19,712,106)
		11,141	11,141
9,097,782			9,097,782
			13,226
<u>8,664,868</u>	<u>\$ 388,103</u>	<u>\$ (6,058,569)</u>	<u>\$ 9,420,449</u>
7,945,928	\$ 88,712	\$ 938,209	\$ 10,138,424
<u>8,046,802</u>	<u>16,483,151</u>	<u>7,311,065</u>	<u>38,997,765</u>
<u><u>15,992,730</u></u>	<u><u>\$ 16,571,863</u></u>	<u><u>\$ 8,249,274</u></u>	<u><u>\$ 49,136,189</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ 10,138,424
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which depreciation (\$10,274,928) exceeded capital outlays (\$6,240,529) in the current period.	(4,034,399)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	5,828,985
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,303,050)
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 governmental funds.	(369,447)
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	<u>7,859</u>
Change in Net Assets of Governmental Activities	<u>\$ 7,268,372</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
ASSETS			
Current Assets:			
Cash and Temporary Investments	\$ 13,130,476	\$ 37,561	\$ 10,877
Receivables (Net):			
Accounts	768,118		7,242
Intergovernmental		217,381	
Due From Other Funds	2,766,534		
Inventories	746,554		154,983
Prepaid Assets		1,056	
Total Current Assets	<u>\$ 17,411,682</u>	<u>\$ 255,998</u>	<u>\$ 173,102</u>
Noncurrent Assets:			
Intergovernmental Receivable	\$	\$ 1,233,000	\$
Restricted Cash and Temporary Investments	1,718,261	979,024	3,800
Land and Construction in Progress	2,794,511	5,600,000	10,385,480
Other Capital Assets (Net)	101,842,327	4,473,184	5,214,902
Deferred Bond Issuance Costs (Net)	216,074	128,105	
Total Noncurrent Assets	<u>\$ 106,571,173</u>	<u>\$ 12,413,313</u>	<u>\$ 15,604,182</u>
Total Assets	<u>\$ 123,982,855</u>	<u>\$ 12,669,311</u>	<u>\$ 15,777,284</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 2,459,403	\$ 1,959	\$ 136,450
Due to Other Fund		983,852	1,235,534
Unreported Insurance Claims			
Capital Lease Obligations			
Payable From Restricted Assets:			
Customer Deposits	1,555,466		3,800
Interest Payable	162,787	129,021	
County Renewal and Replacement Fund		90,000	
Revenue Bonds	470,000		
Certificates of Participation		550,000	
Total Current Liabilities	<u>\$ 4,647,656</u>	<u>\$ 1,754,832</u>	<u>\$ 1,375,784</u>

The accompanying notes are an integral part of the financial statements.

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 35	\$ 13,178,949	\$ 12,520,206
102,592	877,952	241,657
	217,381	
	2,766,534	
27,266	928,803	181,115
	1,056	
<u>\$ 129,893</u>	<u>\$ 17,970,675</u>	<u>\$ 12,942,978</u>
\$	\$ 1,233,000	\$
	2,701,085	
	18,779,991	
731,280	112,261,693	7,337,073
	344,179	
<u>\$ 731,280</u>	<u>\$ 135,319,948</u>	<u>\$ 7,337,073</u>
<u>\$ 861,173</u>	<u>\$ 153,290,623</u>	<u>\$ 20,280,051</u>
\$ 217,609	\$ 2,815,421	\$ 5,443,353
547,148	2,766,534	2,723,572
		525,759
		802,784
	1,559,266	
	291,808	
	90,000	
	470,000	
	550,000	
<u>\$ 764,757</u>	<u>\$ 8,543,029</u>	<u>\$ 9,495,468</u>

A-7 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
LIABILITIES (continued)			
Noncurrent Liabilities:			
Compensated Absences	\$ 71,596	\$	\$ 7,948
Unreported Insurance Claims			
Capital Lease Obligations			
Revenue Bonds (Net)	10,805,359		
Certificates of Participation (Net)		4,649,539	
Unearned Revenue	171,190		
Total Noncurrent Liabilities	\$ 11,048,145	\$ 4,649,539	\$ 7,948
Total Liabilities	\$ 15,695,801	\$ 6,404,371	\$ 1,383,732
 NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 93,361,479	\$ 6,444,145	\$ 15,600,382
Restricted for:			
Renewal and Replacement		210,000	
Debt Service	8	550,003	
Unrestricted	14,925,567	(939,208)	(1,206,830)
Total Net Assets	\$ 108,287,054	\$ 6,264,940	\$ 14,393,552

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds

Net Assets of Business-Type Activities

The accompanying notes are an integral part of the financial statements.

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 15,560	\$ 95,104	\$ 6,283
		2,266,102
		2,859,935
	10,805,359	
	4,649,539	
	171,190	
<u>\$ 15,560</u>	<u>\$ 15,721,192</u>	<u>\$ 5,132,320</u>
<u>\$ 780,317</u>	<u>\$ 24,264,221</u>	<u>\$ 14,627,788</u>
\$ 731,280	\$ 116,137,286	\$ 3,674,354
	210,000	
	550,011	
<u>(650,424)</u>	<u>12,129,105</u>	<u>1,977,909</u>
<u>\$ 80,856</u>	<u>\$ 129,026,402</u>	<u>\$ 5,652,263</u>
	<u>1,950,541</u>	
	<u>\$ 130,976,943</u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
OPERATING REVENUES			
Charges for Services	\$ 22,051,862	\$ 32,564	\$ 1,164,317
OPERATING EXPENSES			
Administration	\$ 4,481,990	\$	\$ 782,657
Operations	16,647,524	199,307	747,599
Depreciation	3,949,950	252,418	277,389
Total Operating Expenses	<u>\$ 25,079,464</u>	<u>\$ 451,725</u>	<u>\$ 1,807,645</u>
Operating Income (Loss)	<u>\$ (3,027,602)</u>	<u>\$ (419,161)</u>	<u>\$ (643,328)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 66,321	\$ 74,926	\$
Miscellaneous Revenue	136,030	9	2,747
Gain on Disposal of Capital Assets			
Interest and Fiscal Charges	(392,724)	(266,341)	(4,283)
Amortization of Bond Issuance Costs	(12,965)	(18,301)	
Total Nonoperating Revenues (Expenses)	<u>\$ (203,338)</u>	<u>\$ (209,707)</u>	<u>\$ (1,536)</u>
Income (Loss) Before Contributions and Transfers	\$ (3,230,940)	\$ (628,868)	\$ (644,864)
Capital Contributions	1,121,501		
Transfers In		850,000	
Transfers Out	<u>(1,148,300)</u>		
Change in Net Assets	\$ (3,257,739)	\$ 221,132	\$ (644,864)
Total Net Assets - Beginning	<u>111,544,793</u>	<u>6,043,808</u>	<u>15,038,416</u>
Total Net Assets - Ending	<u>\$ 108,287,054</u>	<u>\$ 6,264,940</u>	<u>\$ 14,393,552</u>

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds

Change in Net Assets of Business-Type Activities

The accompanying notes are an integral part of the financial statements.

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 3,960,361	\$ 27,209,104	\$ 16,844,661
\$ 691,388	\$ 5,956,035	\$ 450,706
3,306,941	20,901,371	13,565,034
59,991	4,539,748	2,155,908
<u>\$ 4,058,320</u>	<u>\$ 31,397,154</u>	<u>\$ 16,171,648</u>
\$ (97,959)	\$ (4,188,050)	\$ 673,013
\$ 1,538	\$ 141,247	\$ 67,068
(138)	140,324	821
		13,990
	(663,486)	(156,817)
	(31,266)	
<u>\$ 1,400</u>	<u>\$ (413,181)</u>	<u>\$ (74,938)</u>
\$ (96,559)	\$ (4,601,231)	\$ 598,075
	1,121,501	50,000
	850,000	
	<u>(1,148,300)</u>	
\$ (96,559)	\$ (3,778,030)	\$ 648,075
<u>177,415</u>		<u>5,004,188</u>
<u>\$ 80,856</u>		<u>\$ 5,652,263</u>
	<u>640,216</u>	
\$	<u>(3,137,814)</u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers	\$ 22,337,370	\$ 32,573	\$ 1,171,502
Receipts From Interfund Services Provided			
Payments to Suppliers	(16,339,268)	(116,400)	(853,602)
Payments to Employees	(2,098,444)	(27,759)	(544,463)
Payments for Interfund Services Used	(2,407,040)	(69,272)	(158,780)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 1,492,618</u>	<u>\$ (180,858)</u>	<u>\$ (385,343)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In (Out)	\$ (1,148,300)	\$ 850,000	
Proceeds From Interfund Loan			449,922
Payments on Interfund Loans	(390,163)	(105,858)	
Principal Payments on Interfund Advance			(56,496)
Interest Payments on Interfund Loans			(4,283)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$ (1,538,463)</u>	<u>\$ 744,142</u>	<u>\$ 389,143</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	\$ 721,332		\$
Collections on Intergovernmental Receivable		174,313	
Principal Payments on Long-Term Debt	(450,000)	(525,000)	
Interest Payments on Long-Term Debt	(506,363)	(270,117)	
Payment of Bond Administration Fees	(2,412)	(3,232)	
Purchases of Capital Assets	(3,601,692)		
Proceeds From Disposal of Capital Assets			
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (3,839,135)</u>	<u>\$ (624,036)</u>	<u>\$</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	\$ 66,321	\$ 74,926	\$
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 66,321</u>	<u>\$ 74,926</u>	<u>\$</u>

The accompanying notes are an integral part of the financial statements.

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 3,956,913	\$ 27,498,358	\$ 16,844,661
(1,776,564)	(19,085,834)	(4,045,399)
(1,053,078)	(3,723,744)	(333,138)
(1,173,232)	(3,808,324)	(7,866,252)
<u>\$ (45,961)</u>	<u>\$ 880,456</u>	<u>\$ 4,599,872</u>
\$ 46,099	\$ (298,300)	\$ 682,107
	496,021	
	(496,021)	
	(56,496)	
<u>(138)</u>	<u>(4,421)</u>	<u>(168)</u>
\$ 45,961	\$ (359,217)	\$ 681,939
\$	\$ 721,332	\$ 50,000
	174,313	
	(975,000)	(510,312)
	(776,480)	(173,584)
	(5,644)	
	(3,601,692)	(457,416)
		13,990
<u>\$</u>	<u>\$ (4,463,171)</u>	<u>\$ (1,077,322)</u>
\$	\$ 141,247	\$ 67,068
<u>\$</u>	<u>\$ 141,247</u>	<u>\$ 67,068</u>

A-9 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (3,818,659)	\$ 14,174	\$ 3,800
Cash and Cash Equivalents - Beginning	<u>18,667,396</u>	<u>1,002,411</u>	<u>10,877</u>
Cash and Cash Equivalents - Ending	<u>\$ 14,848,737</u>	<u>\$ 1,016,585</u>	<u>\$ 14,677</u>

**Reconciliation of Operating Income (Loss) to Net Cash and
Cash Equivalents Provided (Used) by Operating Activities**

Operating Income (Loss)	\$ (3,027,602)	\$ (419,161)	\$ (643,328)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	3,949,950	252,418	277,389
(Increase) Decrease in Accounts Receivable (Net)	100,850		638
(Increase) Decrease in Inventories	506		(5,889)
(Increase) Decrease in Prepaid Assets	45	(1,056)	455
Increase (Decrease) in Accounts Payable and Accrued Expenses	284,211	(13,068)	(21,155)
Increase in Customer Deposits Payable	49,198		3,800
(Decrease) in Unreported Insurance Claims			
(Decrease) in Unearned Revenue	(570)		
Miscellaneous Receipts	<u>136,030</u>	<u>9</u>	<u>2,747</u>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 1,492,618</u>	<u>\$ (180,858)</u>	<u>\$ (385,343)</u>

The accompanying notes are an integral part of the financial statements.

<u>Enterprise Funds</u>			
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>	
\$	\$ (3,800,685)	\$	4,271,557
<u>35</u>	<u>19,680,719</u>	<u>8,248,649</u>	
\$	\$	\$	
<u>35</u>	<u>15,880,034</u>	<u>12,520,206</u>	

\$ (97,959) \$ (4,188,050) \$ 673,013

59,991	4,539,748	2,155,908
(4,986)	96,502	(170,200)
14,810	9,427	(64,568)
	(556)	
(19,355)	230,633	2,412,807
	52,998	(407,909)
	(570)	
<u>1,538</u>	<u>140,324</u>	<u>821</u>
\$	\$	\$
<u>(45,961)</u>	<u>880,456</u>	<u>4,599,872</u>

A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<u>Noncash Capital and Related Financing Activities</u>			
Fair Value of Capital Asset Contributions	\$ 400,169		\$
Capitalized Interest	109,129		

<u>Reconciliation of Cash and Cash Equivalents</u>			
Unrestricted Cash and Temporary Investments	\$ 13,130,476	\$ 37,561	\$ 10,877
Restricted Cash and Temporary Investments	1,718,261	979,024	3,800
	\$ 14,848,737	\$ 1,016,585	\$ 14,677

The accompanying notes are an integral part of the financial statements.

<u>Enterprise Funds</u>		<u>Internal Service Funds</u>
<u>Solid Waste Management Fund</u>	<u>Total</u>	
\$	\$ 400,169	\$
	109,129	
\$	35 \$ 13,178,949	\$ 12,520,206
	2,701,085	
\$	<u>35 \$ 15,880,034</u>	<u>\$ 12,520,206</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2011

ASSETS

Cash and Temporary Investments	\$ <u>11,775</u>
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LIABILITIES

Due to Firemen's Association	\$ <u>11,775</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Myrtle Beach, South Carolina (the City) was incorporated in 1933 as a municipal corporation, and as such, possesses all the general powers granted by the constitution and laws of South Carolina to municipal corporations. The City is governed by an elected mayor and a six-member council and operates under the Council-Manager form of government.

The City's financial statements have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant GASB pronouncements. The City is also required to apply, when applicable, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. Although the City has the option of applying FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so.

The more significant accounting policies of the City are described below.

A. Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the City. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City. The City's blended and discretely presented component units have June 30 year-ends and are described below.

Blended Component Unit - The Myrtle Beach Public Facilities Corporation (MBPFC) is governed by a three-member board appointed by City Council. Although it is legally separate from the City, the MBPFC is reported as if it were part of the City because its sole purpose is to serve the City exclusively for financing purposes. The MBPFC is reported as a nonmajor governmental fund and does not issue separate financial statements.

Discretely Presented Component Units - The Myrtle Beach Downtown Redevelopment Corporation (MBDRC) is responsible for promoting and assisting in the development of business concerns and residential housing in the downtown area of Myrtle Beach. City Council appoints a voting majority to the MBDRC's eleven-member board. The City can significantly influence the MBDRC's operations. The MBDRC is presented as a governmental fund type and does not issue separate financial statements.

The Myrtle Beach Convention Center Hotel Corporation (MBCCHC) is responsible for the construction and operation of a convention center hotel. City Council appoints all members of the MBCCHC's board. The MBCCHC is fiscally dependent upon the City because City Council approves the MBCCHC's budget and must approve any debt issuances. The MBCCHC is presented as an enterprise fund type. Separate financial statements for the MBCCHC can be obtained by writing Post Office Box 2468, Myrtle Beach, South Carolina 29578 or phone (843) 918-1100.

B. Government-Wide Financial Statements

The City's government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statement focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The City uses the following fund types:

Governmental Funds

The focus of the governmental funds' measurement, in the fund statements, is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the City's governmental funds:

1. 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.
2. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. Debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
4. Capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Proprietary Funds

The focus of proprietary fund measurement is upon the determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

1. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. An enterprise fund may also be used to account for any activity for which a fee is charged to external users for goods or services.
2. Internal service funds are used to account for the financing of goods and services provided by an activity to other funds of the City on a cost-reimbursement basis.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in the fund financial statements is on the major funds in either the governmental or business-type activities categories. The City's nonmajor funds by category are combined into a single column in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Convention Center Fund* is a special revenue fund that is used to accumulate funds from the meetings activities for the purpose of supporting and funding convention center related activities.

The *Local Option Tourism Fee Fund* is a special revenue fund that is used to account for an additional 1.0% sales tax imposed on prepared foods and beverages, accommodations and retail sales for the purpose of tourism development.

The *Air Base Tax Increment Revenue Fund* is a special revenue fund that is used to accumulate taxes collected within the tax increment district to be used for community development within the district.

The *Capital Improvements Fund* is a capital projects fund that is used to account for the acquisition or construction of major capital facilities.

The City's major proprietary funds were as follows:

The *Water and Sewer Fund* is an enterprise fund that is used to account for the provision of water and sewer services to the residents of the City and surrounding areas.

The *Baseball Stadium Fund* is an enterprise fund that is used to account for the operation of a baseball stadium facility.

The *Municipal Golf Course Fund* is an enterprise fund that is used to account for the operation of a public golf course.

The *Solid Waste Management Fund* is an enterprise fund that is used to account for the provision of solid waste collection services and the operation of various recycling programs.

The City's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal service funds are the City's governmental activities, their financial statements are consolidated into the governmental activities column when presented in the government-wide financial statements. The City reports the following internal service funds:

The *Fleet Management Fund* is used to account for the rental of motor vehicles and certain equipment to other funds and the related costs associated with those rentals.

The *Self Insurance Fund* is used to account for the City's worker's compensation, general liability and property damage insurance programs which accumulate resources from charges to other funds for the payment of premiums, claims and administrative expenses.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

The *Health Insurance Fund* is used to account for the City's health insurance program which accumulates resources from charges to other funds for the payment of premiums, claims and administrative expenses.

The City's agency fund is presented in the fiduciary fund financial statement. Since these assets cannot be used to address activities or obligations of the City, the agency fund is not incorporated into the government-wide financial statements. The City's agency fund is as follows:

The *Firemen's Fund* is used to account for resources held by the City for its firemen in an agency capacity.

D. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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, are recorded only when payment is due.

The City considers property taxes, local accommodations taxes, hospitality fees, storm water fees, local option tourism fees, intergovernmental revenues and charges for services to be susceptible to accrual. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include licenses, permits, fines and forfeitures.

The agency fund financial statement is reported using the accrual basis of accounting. Agency funds do not have a measurement focus.

E. Cash and Temporary Investments

Cash and investments are held in a single central depository except where legal restrictions prohibit such. Each fund owns a pro rata share in the depository. Interest is allocated monthly to the individual funds based on their average monthly balances.

For purposes of the statement of cash flows, as presented for the City's proprietary funds, cash equivalents include demand deposits, money market accounts and short-term investments, including restricted amounts, with original maturity dates of three months or less.

Investments are stated at fair value. Changes in the fair value of investments are included as a component of investment income. The City uses quoted market prices to determine the fair value of investments. The fair value of the City's position in the South Carolina Local Government Investment Pool (SCLGIP) is the same as the value of the pool shares. The SCLGIP is not registered with the Securities Exchange Commission as an investment company. The State Treasurer is responsible for oversight of the SCLGIP.

F. Receivables

Receivables are presented in the financial statements net of allowances for doubtful accounts. Allowances for doubtful accounts are based upon historical trends and the periodic aging of receivables.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

G. Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund activity is classified as either loans, services provided, reimbursements or transfers. Loans are referred to as either due to/from other funds or advances to/from other funds. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

H. Inventories

Inventories are valued at cost, primarily on an average cost basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. Prepaid Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both the government-wide and fund financial statements.

J. Restricted Assets

Restricted assets include cash and temporary investments that are legally restricted as to their use. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., streets, drainage systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Purchased capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

The costs of normal maintenance and repairs, which neither materially add to the value of an asset nor prolong its life, are charged to expense as incurred. Interest incurred during the construction of capital assets for business-type activities is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	15 - 30 years
Buildings and Improvements	10 - 33 years
Distribution System	20 - 40 years
Infrastructure	10 - 40 years
Furniture, Vehicles and Equipment	5 - 10 years

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay. There is no liability for unpaid accumulated sick pay since the City does not have to pay any amounts if an employee separates from service. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is not reported in the governmental funds.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

M. Long-Term Obligations

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the related bonds. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

N. Equity Classifications

In the government-wide and proprietary funds financial statements, equity is classified as net assets and is displayed in the following components:

Invested in Capital Assets, Net of Related Debt - Consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Consists of net assets with constraints placed on their use by (a) third parties such as creditors, grantors, contributors or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

The government-wide statement of net assets reports \$16,185,688 of total restricted net assets, of which \$2,716,350 is restricted by enabling legislation.

In the governmental fund financial statements, fund balances are displayed in the following components:

Nonspendable - Consists of amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Consists of amounts with constraints placed on their use by (a) third parties such as creditors, grantors, contributors or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Assigned - Consists of amounts that are constrained by the City Council's intent to be used for specific purposes.

Unassigned - Consists of all amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed.

O. Revenues and Expenses

Real property and all personal property other than vehicles are assessed for property tax purposes as of January 1st of each year. All taxable property is assessed in proportion to its value on that date. The basis for value of taxable property within the

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

City is taken from the records of the Horry County Auditor. Taxes are payable between October 1st and January 15th following their levy on October 1st. The lien date is January 15th and unpaid amounts after this date are considered to be delinquent and are subject to penalties for late payment.

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 Highway Department and payment is due before the end of the month of the scheduled renewal.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In accordance with GASB Statement No. 33, the City recognizes grant revenues and receivables when the applicable eligibility requirements, including time requirements, are met. Resources received before the eligibility requirements are met are reported as deferred revenue.

In proprietary fund financial statements, capital contributions, which consist of contributed capital assets and grant revenues restricted to capital purposes, are reported as nonoperating revenues based on GASB Statement No. 33.

Note 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet is followed by a reconciliation between total fund balances - total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. The details of the element in the reconciliation that relates to long-term liabilities, \$180,224,117, follows:

Bonds Payable (Net)	\$ 174,894,022
Note Payable	1,847,500
Capital Lease Obligation	555,701
Compensated Absences	2,976,188
Accrued Interest Payable	3,720,799
Deferred Bond Issuance Costs (Net)	<u>(3,770,093)</u>
	<u>\$ 180,224,117</u>

The governmental funds statement of revenues, expenditures and changes in fund balances is followed by a reconciliation between net change in fund balances - total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. The element of the reconciliation that relates to long-term debt and related items, \$4,303,050, is comprised of the following:

Storm Water Revenue Bonds Issued	\$ 11,141
Tax Increment Revenue Bonds Issued	9,097,782
Principal Repayments	(4,765,145)
Bond Issuance Costs	<u>(40,728)</u>
	<u>\$ 4,303,050</u>

The details of another element in the reconciliation that relates to expenses, \$369,447, follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Compensated Absences	\$ (376,397)
Accrued Interest	482,444
Amortization of Bond Issuance Costs	213,277
Amortization of Bond Discounts and Premiums	(8,540)
Amortization of Loss on Advance Refunding	<u>58,663</u>
	<u>\$ 369,447</u>

Note 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations

The legal level of budget control is at the fund level. Thus, expenditures may not legally exceed appropriations, including supplemental appropriations, for an individual fund. For the year ended June 30, 2011, expenditures did not exceed appropriations for any of the City's individual funds.

B. Deficit Fund Equity

The individual funds that have fund equity deficits at June 30, 2011 were as follows:

Convention Center Fund	\$ 576,701
Nonmajor Governmental Funds:	
Public Facilities Corporation Fund	709,898
Victims Advocate Fund	81,486
Internal Service Fund:	
Health Insurance Fund	5,037,312

Note 4 - CASH AND TEMPORARY INVESTMENTS

State statutes authorize 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, 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, or deposit accounts with banking institutions. 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 City is under no contractual agreements that restrict investment alternatives.

A. Deposits

At year end, the carrying amount of the City's deposits in financial institutions was \$37,766,853 and the financial institutions' balances totaled \$38,778,827, including certificates of deposit. Of that balance, \$1,479,973 was covered by federal depository insurance and \$37,298,854 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$15,090 in cash on hand.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires all deposits in excess of federal depository insurance to be collateralized with securities held by the pledging financial institution's trust department in the City's name.

At year end, the MBDRC's carrying amount of deposits in financial institutions was \$1,202,447 and the financial institutions' balances totaled \$1,236,406. Of that balance, \$250,000 was covered by federal depository insurance and \$986,406 was collateralized with securities held by the pledging financial institutions' trust department in the MBDRC's name.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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The MBDRC's deposit policy for custodial credit risk requires all deposits in excess of federal depository insurance to be collateralized with securities held by the pledging financial institution's trust department in the MBDRC's name.

At year-end, the MBCCHC's carrying amount of deposits in financial institutions was \$301,430 and the financial institutions' balances totaled \$220,359, which was entirely covered by federal depository insurance. At year-end, cash on hand totaled \$40,000.

The MBCCHC does not have a deposit policy for custodial credit risk.

B. Investments

At year-end, the City's investments consisted of the following:

	<u>Maturities</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreement	07/01/11	Not Rated	\$ 4,526,000	14.69%
U.S. Treasury Bill	09/22/11	N/A	715,957	2.32
Money Market Mutual Funds	Not Available	AAA	13,739,048	44.60
State Treasurer's Investment Pool	2 Months Average	Not Rated	<u>11,829,182</u>	<u>38.39</u>
			<u>\$ 30,810,187</u>	<u>100.00%</u>

The City's investment policy limits investments in debt securities and mutual funds to the top rating issued by nationally recognized statistical rating organizations. The City's investment policy does not limit the amount it may invest in any one investment issuer. As a means of managing its exposure to fair value losses arising from increasing interest rates, the City's investment policy generally limits investment maturities to a maximum of one year.

At year-end, the MBCCHC's investments consisted of the following:

	<u>Maturities</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Federal National Mortgage Association	10/03/11	AAA	\$ 1,538,602	26.72%
Money Market Mutual Funds	Not Available	AAA	<u>4,218,929</u>	<u>73.28</u>
			<u>\$ 5,757,531</u>	<u>100.00%</u>

The MBCCHC does not have a formal investment policy that (a) limits its investment choices based on investment credit ratings, (b) limits the amount it may invest in any one investment issuer or (c) limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 5 - RECEIVABLES (NET)

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

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	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Air Base Tax Increment Revenue Fund</u>
Property Taxes	\$ 3,776,487	\$	\$	\$ 51,388
Local Accommodations Taxes				
Hospitality Fees				
Storm Water Fees				
Accounts	3,037,924	109,281		
Intergovernmental	828,676		5,408,923	
Loans				
	<u>\$ 7,643,087</u>	<u>\$ 109,281</u>	<u>\$ 5,408,923</u>	<u>\$ 51,388</u>
Allowances for Doubtful Accounts	<u>(3,466,858)</u>			<u>(3,444)</u>
	<u>\$ 4,176,229</u>	<u>\$ 109,281</u>	<u>\$ 5,408,923</u>	<u>\$ 47,944</u>

	<u>Capital Improvements Fund</u>	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>
Property Taxes	\$	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fees				
Storm Water Fees				
Accounts	1,038,047	950,308		7,242
Intergovernmental	1,493,267		1,450,381	
Loans				
	<u>\$ 2,531,314</u>	<u>\$ 950,308</u>	<u>\$ 1,450,381</u>	<u>\$ 7,242</u>
Allowances for Doubtful Accounts		<u>(182,190)</u>		
	<u>\$ 2,531,314</u>	<u>\$ 768,118</u>	<u>\$ 1,450,381</u>	<u>\$ 7,242</u>

	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property Taxes	\$	\$ 16,133	\$ 3,844,008
Local Accommodations Taxes		344,861	344,861
Hospitality Fees		1,388,628	1,388,628
Storm Water Fees		73,313	73,313
Accounts	155,829	388,265	5,686,896
Intergovernmental		2,463,912	11,645,159
Loans		722,066	722,066
	<u>\$ 155,829</u>	<u>\$ 5,397,178</u>	<u>\$ 23,704,931</u>
Allowances for Doubtful Accounts	<u>(53,237)</u>	<u>(90,046)</u>	<u>(3,795,775)</u>
	<u>\$ 102,592</u>	<u>\$ 5,307,132</u>	<u>\$ 19,909,156</u>

On September 1, 1998, the City entered into a hospitality fee agreement with Horry County, South Carolina (County) in conjunction with the construction of a baseball stadium facility. The agreement is for a period of twenty years and requires the County to make annual payments of principal and interest to the City for its 30% interest in the baseball stadium facility. At June 30, 2011, the intergovernmental receivable in the Baseball Stadium Fund, relating to this agreement, is to be collected as follows:

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Year Ending June 30, 2012	\$	172,500
2013		181,500
2014		190,500
2015		199,500
2016		210,000
2017 - 2018		<u>451,500</u>
	\$	<u><u>1,405,500</u></u>

Loans receivable in the amount of \$722,066 are due in conjunction with the development of low-income housing within the City. The loans are non-interest bearing and are due December 1, 2025 (\$380,816) and June 30, 2030 (\$341,250).

Note 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2011, amounts due to/from other funds were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 7,895,916	\$
Convention Center Fund		531,483
Local Option Tourism Fee Fund		818,572
Nonmajor Governmental Funds		3,822,289
Internal Service Funds		2,723,572
Water and Sewer Fund	2,766,534	
Baseball Stadium Fund		983,852
Municipal Golf Course Fund		1,235,534
Solid Waste Management Fund		<u>547,148</u>
	<u>\$ 10,662,450</u>	<u>\$ 10,662,450</u>

The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from the Convention Center Fund, Local Option Tourism Fee Fund, four nonmajor governmental funds (\$2,060,126) and the internal service funds are expected to be repaid shortly after the end of the fiscal year. All other amounts are expected to be repaid in more than one year, as resources become available.

Interfund transfers during the year ended June 30, 2011 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>			
	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>
General Fund	\$	\$ 2,623,216	\$ 279,710	\$ 53,160
Convention Center Fund		167,439		
Capital Improvements Fund			153,204	
Nonmajor Governmental Funds	1,338,383			36,007
Baseball Stadium Fund				
	<u>\$ 1,338,383</u>	<u>\$ 2,790,655</u>	<u>\$ 432,914</u>	<u>\$ 89,167</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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<u>Transfers In</u>	<u>Transfers Out</u>		
	Nonmajor Governmental Funds	Water and Sewer Fund	Totals
General Fund	\$ 5,305,034	\$ 1,148,300	\$ 9,409,420
Convention Center Fund	965,000		1,132,439
Capital Improvements Fund	324,066		477,270
Nonmajor Governmental Funds	7,616,887		8,991,277
Baseball Stadium Fund	<u>850,000</u>		<u>850,000</u>
	<u>\$ 15,060,987</u>	<u>\$ 1,148,300</u>	<u>\$ 20,860,406</u>

Transfers are used to (a) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, (b) move revenues restricted to debt service from the funds collecting them to the Debt Service Fund as principal and interest payments become due and (c) move revenues from the funds collecting them to other funds to finance various programs, project costs and administrative costs in accordance with budgetary authorizations.

Note 7 - TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

At June 30, 2011, amounts due to the City from its discretely presented component unit were as follows:

	<u>Receivable</u>	<u>Payable</u>
Primary Government:		
Convention Center Fund	\$ 19,871,978	\$
MBCCHC		<u>19,871,978</u>
	<u>\$ 19,871,978</u>	<u>\$ 19,871,978</u>

On June 1, 2001, the MBCCHC entered into a site lease with the City, which was subsequently amended on May 1, 2004. The site lease is for a 2.71 acre parcel of land upon which the convention center hotel is constructed. The site lease expires April 1, 2036 and requires annual rental payments equal to a fixed rental component plus 3.0% of the MBCCHC's gross revenues. The rental payments are to be remitted to the City in accordance with the terms of the revenue bond trust indenture. During the year ended June 30, 2011, rent expense for this lease amounted to \$3,369,691. Minimum future rental payments for the fixed component of this lease as of June 30, 2011 are as follows:

Year Ending June 30, 2012	\$ 2,962,888
2013	2,965,744
2014	2,961,988
2015	2,966,188
2016	2,963,462
2017 - 2021	16,587,690
2022 - 2026	19,130,402
2027 - 2031	19,040,250
2032 - 2036	<u>19,026,750</u>
	<u>\$ 88,605,362</u>

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On June 1, 2001, the MBCCHC entered into a support facilities sublease with the City, which was subsequently amended on May 1, 2004. The support facilities sublease is for a portion of the convention center facilities. The support facilities sublease expires April 1, 2036 and requires the MBCCHC to make a \$1 annual rental payment to the City.

Note 8 - RESTRICTED CASH AND TEMPORARY INVESTMENTS

The City's restricted cash and temporary investments consisted of the following at June 30, 2011:

Governmental Activities:	
General Fund:	
Court Bonds	\$ 439,822
Confiscated and Seized Funds	442,538
Grant Funds	1,579
Refundable Deposits	229,956
Other	152,651
Air Base Tax Increment Revenue Fund:	
Tax Increment Revenue Bond Accounts	15,949,516
Capital Improvements Fund:	
PUD Improvements	447,670
Hospitality Fees	1,000,000
Grant Funds	16,933
Nonmajor Governmental Funds:	
Certificates of Participation Accounts	981,075
Storm Water Revenue Bond Accounts	1,045,546
Tax Increment Revenue Bond Accounts	<u>1,097,208</u>
	<u>\$ 21,804,494</u>
Business-Type Activities:	
Water and Sewer Fund:	
Customer Deposits	\$ 1,555,466
Waterworks and Sewer System Revenue Bond Accounts	162,795
Baseball Stadium Fund:	
Certificates of Participation Accounts	679,024
Renewal and Replacement Accounts	300,000
Municipal Golf Course Fund:	
Customer Deposits	<u>3,800</u>
	<u>\$ 2,701,085</u>

At June 30, 2011, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$3,298,133.

Note 9 - CAPITAL ASSETS (NET)

The City's capital asset activity for the year ended June 30, 2011 was as follows:

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 28,546,743	\$	\$	\$ 28,546,743
Construction-in-Progress	<u>2,110,233</u>	<u>1,781,505</u>	<u>1,095,274</u>	<u>2,796,464</u>
	<u>\$ 30,656,976</u>	<u>\$ 1,781,505</u>	<u>\$ 1,095,274</u>	<u>\$ 31,343,207</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 33,431,367	\$ 1,747,175	\$	\$ 35,178,542
Buildings and Improvements	84,220,635	270,630		84,491,265
Furniture, Vehicles and Equipment	44,840,303	870,529	223,836	45,486,996
Infrastructure	<u>161,946,367</u>	<u>6,413,815</u>		<u>168,360,182</u>
	<u>\$ 324,438,672</u>	<u>\$ 9,302,149</u>	<u>\$ 223,836</u>	<u>\$ 333,516,985</u>
Accumulated Depreciation for:				
Land Improvements	\$ (2,994,963)	\$ (1,774,761)	\$	\$ (4,769,724)
Buildings and Improvements	(32,922,797)	(2,691,670)		(35,614,467)
Furniture, Vehicles and Equipment	(31,987,288)	(3,454,545)	(223,836)	(35,217,997)
Infrastructure	<u>(60,385,409)</u>	<u>(4,509,860)</u>		<u>(64,895,269)</u>
	<u>\$ (128,290,457)</u>	<u>\$ (12,430,836)</u>	<u>\$ (223,836)</u>	<u>\$ (140,497,457)</u>
Capital Assets (Net)	<u>\$ 226,805,191</u>	<u>\$ (1,347,182)</u>	<u>\$ 1,095,274</u>	<u>\$ 224,362,735</u>
 Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 18,685,751	\$	\$	\$ 18,685,751
Construction-in-Progress	<u>570,531</u>	<u>179,854</u>	<u>656,145</u>	<u>94,240</u>
	<u>\$ 19,256,282</u>	<u>\$ 179,854</u>	<u>\$ 656,145</u>	<u>\$ 18,779,991</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 8,392,597	\$	\$	\$ 8,392,597
Buildings and Improvements	10,525,748			10,525,748
Distribution System	159,030,232	4,587,281		163,617,513
Furniture, Vehicles and Equipment	<u>4,905,047</u>			<u>4,905,047</u>
	<u>\$ 182,853,624</u>	<u>\$ 4,587,281</u>		<u>\$ 187,440,905</u>
Accumulated Depreciation for:				
Land Improvements	\$ (2,641,321)	\$ (282,448)	\$	\$ (2,923,769)
Buildings and Improvements	(5,016,622)	(308,720)		(5,325,342)
Distribution System	(58,353,749)	(3,873,095)		(62,226,844)
Furniture, Vehicles and Equipment	<u>(4,627,772)</u>	<u>(75,485)</u>		<u>(4,703,257)</u>
	<u>\$ (70,639,464)</u>	<u>\$ (4,539,748)</u>		<u>\$ (75,179,212)</u>
Capital Assets (Net)	<u>\$ 131,470,442</u>	<u>\$ 227,387</u>	<u>\$ 656,145</u>	<u>\$ 131,041,684</u>

Depreciation expense was charged to functions / programs of the City as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Governmental Activities:	
General Government	\$ 198,250
Public Safety	1,304,818
Transportation	3,215,296
Community and Economic Development	2,832,803
Culture and Recreation	2,700,187
Public Works	23,574
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	<u>2,155,908</u>
	<u>\$ 12,430,836</u>
Business-Type Activities:	
Water	\$ 1,906,438
Sewer	2,043,512
Baseball Stadium	252,418
Municipal Golf Course	277,389
Solid Waste Management	<u>59,991</u>
	<u>\$ 4,539,748</u>

The MBDRC's capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 694,681	\$ 56,328	\$	\$ 56,328
Equipment	<u>694,681</u>	<u>11,326</u>	<u></u>	<u>706,007</u>
	<u>\$ 694,681</u>	<u>\$ 67,654</u>	<u>\$</u>	<u>\$ 762,335</u>
Accumulated Depreciation for:				
Land Improvements	\$ (588,306)	\$ (939)	\$	\$ (939)
Equipment	<u>(588,306)</u>	<u>(37,031)</u>	<u></u>	<u>(625,337)</u>
	<u>\$ (588,306)</u>	<u>\$ (37,970)</u>	<u>\$</u>	<u>\$ (626,276)</u>
Capital Assets (Net)	<u>\$ 106,375</u>	<u>\$ 29,684</u>	<u>\$</u>	<u>\$ 136,059</u>

The MBCCHC's capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 538,708	\$	\$	\$ 538,708
Building	42,280,619	598,436	598,436	42,280,619
Furnishings and Equipment	<u>12,151,320</u>	<u>598,436</u>	<u></u>	<u>12,749,756</u>
	<u>\$ 54,970,647</u>	<u>\$ 598,436</u>	<u>\$</u>	<u>\$ 55,569,083</u>
Accumulated Depreciation for:				
Land Improvements	\$ (199,770)	\$ (26,936)	\$	\$ (226,706)
Building	(7,839,533)	(1,057,014)	(8,896,547)	(8,896,547)
Furnishings and Equipment	<u>(10,146,243)</u>	<u>(582,901)</u>	<u></u>	<u>(10,729,144)</u>
	<u>\$ (18,185,546)</u>	<u>\$ (1,666,851)</u>	<u>\$</u>	<u>\$ (19,852,397)</u>
Capital Assets (Net)	<u>\$ 36,785,101</u>	<u>\$ (1,068,415)</u>	<u>\$</u>	<u>\$ 35,716,686</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Note 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2011:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Local Option Tourism Fee Fund</u>	<u>Air Base Tax Increment Revenue Fund</u>
Trade Accounts Payable	\$ 1,384,702	\$ 133,613	\$ 4,327,138	\$ 100,083
Accrued Salaries and Wages	1,215,194	63,047		
Compensated Absences				
Accrued Interest Payable				
Retainage Payable				
	<u>\$ 2,599,896</u>	<u>\$ 196,660</u>	<u>\$ 4,327,138</u>	<u>\$ 100,083</u>

	<u>Capital Improvements Fund</u>	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>
Trade Accounts Payable	\$ 387,951	\$ 2,249,445	\$ 484	\$ 72,231
Accrued Salaries and Wages		77,737	1,041	29,018
Compensated Absences		127,221	434	35,201
Accrued Interest Payable				
Retainage Payable				
	<u>122,656</u>	<u>5,000</u>	<u></u>	<u></u>
	<u>\$ 510,607</u>	<u>\$ 2,459,403</u>	<u>\$ 1,959</u>	<u>\$ 136,450</u>

	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Trade Accounts Payable	\$ 106,726	\$ 6,224,691	\$ 14,987,064
Accrued Salaries and Wages	39,937	41,513	1,467,487
Compensated Absences	70,946	19,919	253,721
Accrued Interest Payable		130,110	130,110
Retainage Payable		5,000	132,656
	<u>\$ 217,609</u>	<u>\$ 6,421,233</u>	<u>\$ 16,971,038</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Accrued Interest Payable	<u>3,720,799</u>
	<u>\$ 20,691,837</u>

Note 11 - UNEARNED / DEFERRED REVENUE

At June 30, 2011, unearned / deferred revenue was comprised of the following:

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NOTES TO FINANCIAL STATEMENTS
June 30, 2011

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Air Base Tax Increment Revenue Fund</u>	<u>Capital Improvements Fund</u>
Property Taxes	\$ 889,047	\$	\$ 36,355	\$
Ambulance Fees	713,949			
Grant Revenues	1,579			16,933
Lease Revenues	30,000	19,564,209		
Deposits		220,501		
Tap Fees				
Other	13,495	46,607		
	<u>\$ 1,648,070</u>	<u>\$ 19,831,317</u>	<u>\$ 36,355</u>	<u>\$ 16,933</u>

	<u>Water and Sewer Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property Taxes	\$	\$ 13,346	\$ 938,748
Ambulance Fees			713,949
Grant Revenues			18,512
Lease Revenues			19,594,209
Deposits			220,501
Tap Fees	171,190		171,190
Other		15,474	75,576
	<u>\$ 171,190</u>	<u>\$ 28,820</u>	<u>\$ 21,732,685</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Property Taxes	(938,748)
Ambulance Fees	(713,949)
Lease Revenues	(19,564,209)
Other	(61,006)
	<u>\$ 454,773</u>

Note 12 - LONG-TERM LIABILITIES

A. Governmental Activities

At June 30, 2011, long-term debt of the City's governmental activities was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
General Obligation Bonds:				
Series 1999	\$ 5,000,000	4.63 - 6.63%	03/01/15	\$ 1,720,000
Series 2001	2,460,000	4.75 - 5.10	03/01/17	1,165,000
Series 2002A	4,900,000	4.00 - 5.25	03/01/27	3,725,000
Series 2002B	6,270,000	4.00 - 5.25	03/01/27	4,790,000
Series 2003A	11,200,000	4.00 - 5.00	03/01/28	9,155,000
Refunding Series 2003B	4,800,000	2.00 - 4.00	03/01/14	1,555,000
Series 2006A	6,950,000	4.00 - 5.00	03/01/31	6,385,000

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	<u>Original</u>		<u>Final</u>	
	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount</u>
General Obligation Bonds (continued):				
Series 2006B	\$ 2,730,000	4.00 - 5.00%	03/01/31	\$ 2,510,000
Series 2006C	2,500,000	4.00 - 6.00	03/01/26	2,070,000
Series 2008A	12,300,000	4.50 - 5.13	03/01/33	9,760,000
Series 2009A	625,000	3.41	03/01/17	490,000
				<u>\$ 43,325,000</u>
Certificates of Participation:				
Series 2002	4,130,000	3.00 - 4.75	06/01/23	\$ 2,840,000
Refunding Series 2010	9,820,000	2.50 - 4.00	07/01/17	9,820,000
				<u>\$ 12,660,000</u>
Tax Increment Revenue Bonds:				
Series 2006A	30,795,000	5.25 - 5.30	10/01/35	\$ 30,215,000
Series 2006B	10,050,000	7.50	10/01/31	9,822,603
Series 2009	10,065,000	3.00 - 5.00	03/01/34	10,065,000
Series 2010	8,850,000	3.70	10/01/25	8,850,000
				<u>\$ 58,952,603</u>
Storm Water Revenue Bonds:				
Series 2004	10,499,052	3.25	05/01/27	\$ 8,905,135
Series 2010	2,773,380	1.67	02/01/30	2,623,017
				<u>\$ 11,528,152</u>
Hospitality Fee Revenue Bonds:				
Series 2004A	44,260,000	4.00 - 5.38	06/01/36	\$ 44,185,000
Series 2004B	5,400,000	5.38 - 5.75	06/01/19	4,920,000
				<u>\$ 49,105,000</u>
Note Payable:				
2006	2,897,500	4.88	11/07/13	\$ 1,847,500
Capital Lease Obligations:				
2004	985,936	4.05	04/01/12	\$ 387,547
2007	257,174	4.82	08/15/11	69,150
2007	3,712,713	4.15	08/01/18	3,206,021
2010	685,000	3.19	10/01/14	555,702
				<u>\$ 4,218,420</u>

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation bonds are to be repaid with property tax revenues. Annual debt service requirements to maturity for the general obligation bonds are as follows:

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2012	\$ 2,545,000	\$ 2,069,578	\$ 4,614,578
2013	2,655,000	1,952,179	4,607,179
2014	2,770,000	1,828,601	4,598,601
2015	2,335,000	1,703,903	4,038,903
2016	1,950,000	1,595,118	3,545,118
2017 - 2021	9,735,000	6,616,254	16,351,254
2022 - 2026	11,880,000	4,116,948	15,996,948
2027 - 2031	8,125,000	1,366,994	9,491,994
2032 - 2033	<u>1,330,000</u>	<u>103,012</u>	<u>1,433,012</u>
	<u>\$ 43,325,000</u>	<u>\$ 21,352,587</u>	<u>\$ 64,677,587</u>

Certificates of Participation

Certificates of participation are not direct obligations of the City, but are special financing arrangements utilized to fund the expansion of the convention center and infrastructure improvements. The certificates of participation are to be repaid by the Public Facilities Corporation Fund with lease payments and hospitality fees received from the City. See Note 17 for additional information. Annual debt service requirements to maturity for the certificates of participation are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2012	\$ 1,000,000	\$ 445,975	\$ 1,445,975
2013	1,570,000	405,725	1,975,725
2014	1,615,000	349,000	1,964,000
2015	1,690,000	283,100	1,973,100
2016	1,750,000	225,712	1,975,712
2017 - 2021	4,450,000	438,263	4,888,263
2022 - 2023	<u>585,000</u>	<u>42,037</u>	<u>627,037</u>
	<u>\$ 12,660,000</u>	<u>\$ 2,189,812</u>	<u>\$ 14,849,812</u>

Tax Increment Revenue Bonds

Tax increment revenue bonds were issued to provide funds to finance the costs of certain capital improvements within the City's designated redevelopment areas. The tax increment revenue bonds are to be repaid by the property taxes generated in association with increased assessed values of property within the redevelopment areas. Annual debt service requirements to maturity for the tax increment revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2012	\$ 1,060,000	\$ 3,077,338	\$ 4,137,338
2013	1,405,000	3,027,466	4,432,466
2014	1,465,000	2,966,391	4,431,391
2015	1,525,000	2,902,570	4,427,570
2016	1,595,000	2,834,432	4,429,432
2017 - 2021	9,125,000	13,006,944	22,131,944
2022 - 2026	11,395,000	10,694,645	22,089,645
2027 - 2031	10,085,000	8,114,294	18,199,294
2032 - 2036	<u>21,297,603</u>	<u>2,247,425</u>	<u>23,545,028</u>
	<u>\$ 58,952,603</u>	<u>\$ 48,871,505</u>	<u>\$ 107,824,108</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Proceeds of the \$10,050,000 tax increment revenue bonds, series 2006B are received when eligible project costs are incurred. Accordingly, an additional \$227,397 of proceeds will be received by the City.

Storm Water Revenue Bonds

Storm water revenue bonds pledge income derived from acquired or constructed assets to pay debt service. The storm water revenue bonds were issued to finance drainage improvement projects. Annual debt service requirements to maturity for the storm water revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,2012	\$ 553,845	\$ 325,551	\$ 879,396
2013	569,685	309,711	879,396
2014	586,050	293,346	879,396
2015	602,958	276,438	879,396
2016	620,427	258,969	879,396
2017 - 2021	3,385,131	1,011,848	4,396,979
2022 - 2026	3,917,422	479,557	4,396,979
2027 - 2030	1,292,634	36,174	1,328,808
	<u>\$ 11,528,152</u>	<u>\$ 2,991,594</u>	<u>\$ 14,519,746</u>

Hospitality Fee Revenue Bonds

Hospitality fee revenue bonds pledge hospitality fee collections to pay debt service. The hospitality fee revenue bonds were issued to provide funds to extinguish the MBCCHC's Series 2001A revenue bonds. Annual debt service requirements to maturity for the hospitality fee revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,2012	\$ 585,000	\$ 2,516,525	\$ 3,101,525
2013	615,000	2,486,081	3,101,081
2014	645,000	2,453,925	3,098,925
2015	685,000	2,419,406	3,104,406
2016	720,000	2,382,631	3,102,631
2017 - 2021	5,990,000	11,225,131	17,215,131
2022 - 2026	10,470,000	8,998,994	19,468,994
2027 - 2031	12,920,000	6,120,250	19,040,250
2032 - 2036	16,475,000	2,551,751	19,026,751
	<u>\$ 49,105,000</u>	<u>\$ 41,154,694</u>	<u>\$ 90,259,694</u>

Note Payable

The note payable was issued in conjunction with the purchase of a forty acre parcel of land. The note is secured by a portion of the purchased acreage and is to be repaid by the Capital Improvements Fund. Annual debt service requirements to maturity for the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,2014	\$ 1,847,500	\$ 250,621	\$ 2,098,121

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of equipment. At June 30, 2011, the gross amount of equipment recorded under capital leases totaled \$5,640,823. The capital leases are to be repaid by property tax revenues and an internal service fund. The minimum future lease payments due under the capital leases as of June 30, 2011 are as follows:

Year Ending June 30, 2012	\$	1,105,986
2013		629,316
2014		629,316
2015		629,316
2016		479,137
2017 - 2019		<u>1,437,412</u>
Total Minimum Lease Payments	\$	4,910,483
Amount Representing Interest		<u>(692,063)</u>
Present Value of Minimum Lease Payments	\$	<u><u>4,218,420</u></u>

B. Business-Type Activities

Long-term debt of the City's business-type activities consisted of the following at June 30, 2011:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Waterworks and Sewer System:				
Series 2007	\$ 11,710,000	4.00 - 5.00%	03/01/28	\$ <u>11,260,000</u>
Certificates of Participation:				
Series 1998	10,295,000	3.65 - 5.00	07/01/18	\$ <u>5,235,000</u>

Revenue Bonds

Revenue bonds pledge income derived from acquired or constructed assets to pay debt service. The revenue bonds were issued to finance water and sewer expansion and construction projects. Annual debt service requirements to maturity for the revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2012	\$ 470,000	\$ 488,363	\$ 958,363
2013	485,000	469,562	954,562
2014	505,000	450,163	955,163
2015	525,000	429,962	954,962
2016	545,000	408,963	953,963
2017 - 2021	3,100,000	1,682,975	4,782,975
2022 - 2026	3,840,000	935,062	4,775,062
2027 - 2028	<u>1,790,000</u>	<u>121,725</u>	<u>1,911,725</u>
	<u>\$ 11,260,000</u>	<u>\$ 4,986,775</u>	<u>\$ 16,246,775</u>

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Certificates of Participation

Certificates of participation are not direct obligations of the City, but are part of a special financing arrangement utilized to fund the construction of a baseball stadium facility. The certificates of participation are to be repaid with hospitality fees. See Note 17 for additional information. Annual debt service requirements to maturity for the certificates of participation are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,2012	\$ 550,000	\$ 245,117	\$ 795,117
2013	575,000	218,392	793,392
2014	605,000	189,921	794,921
2015	635,000	159,375	794,375
2016	665,000	126,875	791,875
2017 - 2019	<u>2,205,000</u>	<u>168,875</u>	<u>2,373,875</u>
	<u>\$ 5,235,000</u>	<u>\$ 1,108,555</u>	<u>\$ 6,343,555</u>

C. MBCCHC

Long-term debt outstanding at June 30, 2011 in the MBCCHC was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Series 2001B	\$ 23,500,000	4.00 - 5.25%	04/01/36	<u>\$ 20,635,000</u>
Notes Payable:				
Operator Loan	1,000,000	0.00	09/27/15	\$ 1,000,000
Key Money Loan	500,000	0.00	09/27/15	<u>250,000</u>
				<u>\$ 1,250,000</u>

Revenue Bonds

The revenue bonds are to be repaid from revenues derived from the operation of the convention center hotel. The revenue bonds are secured by a first mortgage on the convention center hotel and have a limited guarantee provided by the City, subject to annual appropriation, to replenish amounts withdrawn from the debt service reserve accounts. Annual debt service requirements to maturity for the revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,2012	\$ 430,000	\$ 1,068,926	\$ 1,498,926
2013	450,000	1,049,576	1,499,576
2014	470,000	1,028,426	1,498,426
2015	490,000	1,005,866	1,495,866
2016	515,000	981,856	1,496,856
2017 - 2021	2,995,000	4,491,619	7,486,619
2022 - 2026	3,860,000	3,628,012	7,488,012
2027 - 2031	4,985,000	2,501,888	7,486,888
2032 - 2036	<u>6,440,000</u>	<u>1,048,950</u>	<u>7,488,950</u>
	<u>\$ 20,635,000</u>	<u>\$ 16,805,119</u>	<u>\$ 37,440,119</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Notes Payable

The notes payable were issued to fund costs associated with a change to a new management company and hotel brand. The loans are secured by a second mortgage on the convention center hotel. Annual debt service requirements to maturity for the notes payable are as follows:

	Principal	Interest	Total
Year Ending June 30, 2012	\$ 250,000	\$	\$ 250,000
2013	250,000		250,000
2014	250,000		250,000
2015	250,000		250,000
2016	250,000		250,000
	\$ 1,250,000	\$	\$ 1,250,000

D. Changes in Long-Term Liabilities

The City's long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 45,780,000	\$	\$ 2,455,000	\$ 43,325,000	\$ 2,545,000
Certificates of Participation	12,840,000		180,000	12,660,000	1,000,000
Tax Increment Revenue Bonds	50,434,821	9,097,782	580,000	58,952,603	1,060,000
Storm Water Revenue Bonds	12,053,226	11,141	536,215	11,528,152	553,845
Hospitality Fee Revenue Bonds	49,660,000		555,000	49,105,000	585,000
Unamortized Bond Discount	(1,038,658)		(44,992)	(993,666)	
Unamortized Bond Premium	641,348		53,532	587,816	
Unamortized Loss on Advance Refunding	(329,546)		(58,663)	(270,883)	
	\$ 170,041,191	\$ 9,108,923	\$ 4,256,092	\$ 174,894,022	\$ 5,743,845
Note Payable	1,947,500		100,000	1,847,500	
Capital Lease Obligations	5,087,663		869,243	4,218,420	935,237
Unreported Insurance Claims	3,199,770	6,584,713	6,992,622	2,791,861	525,759
Compensated Absences	3,377,420	2,031,366	2,406,396	3,002,390	2,526,715
	\$ 183,653,544	\$ 17,725,002	\$ 14,624,353	\$ 186,754,193	\$ 9,731,556

Reconciliation to the Government-Wide Statement of Net Assets:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(19,919)	(19,919)
	\$ 186,734,274	\$ 9,711,637

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 11,710,000	\$	\$ 450,000	\$ 11,260,000	\$ 470,000
Certificates of Participation	5,760,000		525,000	5,235,000	550,000
Unamortized Bond Discount	(40,527)		(5,066)	(35,461)	
Unamortized Bond Premium	<u>16,280</u>		<u>921</u>	<u>15,359</u>	
	\$ 17,445,753	\$	\$ 970,855	\$ 16,474,898	\$ 1,020,000
Compensated Absences	<u>351,677</u>	<u>203,767</u>	<u>226,538</u>	<u>328,906</u>	<u>233,802</u>
	<u>\$ 17,797,430</u>	<u>\$ 203,767</u>	<u>\$ 1,197,393</u>	<u>\$ 16,803,804</u>	<u>\$ 1,253,802</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(233,802)	(233,802)
Bonds Payable Included in Liabilities Payable From Restricted Assets	<u>(1,020,000)</u>	<u>(1,020,000)</u>
	<u>\$ 15,550,002</u>	<u>\$</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, internal service funds' compensated absences of \$26,202, capital lease obligations of \$3,662,719 and unreported insurance claims of \$2,791,861 are included in the above amounts.

For governmental activities, compensated absences are generally liquidated by the General Fund, Convention Center Fund, Victims Advocate Fund and Storm Water Fund.

The MBDRC's long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	<u>\$ 13,334</u>	<u>\$ 6,742</u>	<u>\$ 7,722</u>	<u>\$ 12,354</u>	<u>\$ 8,108</u>

The MBCCHC's long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable:					
Revenue Bonds	\$ 21,045,000	\$	\$ 410,000	\$ 20,635,000	\$ 430,000
Unamortized Bond Discounts	<u>(401,248)</u>		<u>(15,582)</u>	<u>(385,666)</u>	
	\$ 20,643,752	\$	\$ 394,418	\$ 20,249,334	\$ 430,000
Notes Payable	<u>1,300,000</u>		<u>50,000</u>	<u>1,250,000</u>	<u>250,000</u>
	<u>\$ 21,943,752</u>	<u>\$</u>	<u>\$ 444,418</u>	<u>\$ 21,499,334</u>	<u>\$ 680,000</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Bonds Payable Included in Liabilities Payable From Restricted Assets	(430,000)	(430,000)
	<u>\$ 21,069,334</u>	<u>\$ 250,000</u>

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E. Debt Defeasance

On June 30, 2006, the City used a portion of the proceeds received in conjunction with the sale of its water and wastewater plant along with other resources to purchase U.S. government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the then outstanding waterworks and sewer system revenue bonds, series 2003 in the amount of \$16,320,000. As a result, the waterworks and sewer system revenue bonds, series 2003 are considered defeased and the City has removed the liabilities from its accounts. The unmatured and outstanding principal balance on the defeased bonds at June 30, 2011 is \$10,665,000.

Note 13 - OPERATING LEASES

The City is the lessor of land under lease arrangements classified as operating leases. The leases expire in various years though the year 2020. At June 30, 2011, the cost and carrying amount of the land totals \$100,000. Minimum future rentals to be received on the non-cancelable leases as of June 30, 2011 are shown below.

Year Ending June 30, 2012	\$	240,000
2013		240,000
2014		240,000
2015		240,000
2016		240,000
2017 - 2020		840,000
		<u>\$ 2,040,000</u>

Minimum future rentals do not include contingent rentals that may be received under the land leases. Contingent rentals during the year ended June 30, 2011 amounted to \$2,124,175. In accordance with an agreement entered into on May 5, 2004, the City is required to remit 75% of the proceeds from these leases to Horry County, South Carolina.

The City is also the lessor of a baseball stadium facility under a lease agreement, which is classified as an operating lease. The activity of the lease is accounted for in the Baseball Stadium Fund. The lease expires in 2018 and requires annual rental payments equal to 4.0% of adjusted gross revenues in excess of \$3,250,000 on December 31 of each year. During the year ended June 30, 2011, rental income from this lease amounted to \$32,380.

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2011:

Land	\$	5,600,000
Land Improvements		680,000
Buildings		7,858,273
Equipment		928,535
Accumulated Depreciation		(4,993,624)
		<u>\$ 10,073,184</u>

Note 14 - RETIREMENT PLANS

A. Plan Description

City employees participate in either the South Carolina Police Officers Retirement System (PORS) or the South Carolina Retirement System (SCRS) depending on their duties. Both plans are administered by the South Carolina Retirement Systems and are classified as cost-sharing multiple-employer defined benefit public retirement systems. Each plan provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions are established under authority of Title 9 of the South Carolina Code of Laws. The South Carolina Retirement Systems issue a Comprehensive Annual Financial Report

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which discloses detailed information regarding benefit provisions and actuarial information. This report is available to the public and may be obtained by writing to the South Carolina Retirement Systems, Post Office Box 11960, Columbia, South Carolina 29211.

B. Funding Policy

Members of the PORS and SCRS are required to contribute 6.50% of their covered wages. The City is required to contribute at actuarially determined rates, currently 11.53% of PORS member wages and 9.39% of SCRS member wages. The contribution requirements of plan members and the City are established and may be amended by the South Carolina Retirement Systems. The City's contributions to the PORS for the years ended June 30, 2011, 2010 and 2009 were \$2,029,701, \$2,065,688 and \$2,055,999, respectively. The City's contributions to the SCRS for the years ended June 30, 2011, 2010 and 2009 were \$1,788,412, \$1,845,647 and \$1,839,695, respectively. The contributions made by the City to the PORS and SCRS, as shown above, were equal to the required contributions for each year.

Note 15 - POSTEMPLOYMENT HEALTH CARE PLAN

The City retiree health care plan is a defined contribution pension plan administered by Vested Health. The plan provides eligible retirees with a health reimbursement account which can be used to fund medical and dental costs. An eligible retiree has completed at least twenty years of service as an employee of the City and is receiving benefits from the South Carolina Retirement System. Benefit provisions are established and may be amended by City Council.

The City is required to annually contribute an amount which will provide each employee with a \$100,000 health reimbursement account after twenty years of service as an employee of the City. Plan members are not required to contribute to the plan. The City's required contribution for the year ended June 30, 2011 was \$3,001,174. During the year ended June 30, 2011, the City contributed \$589,961 to the plan. The contribution requirements of plan members and the City are established and may be amended by City Council.

Note 16 - 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 established the Self Insurance Fund, an internal service fund, to account for and finance its uninsured risks of loss for worker's compensation, general liability and property damage. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$400,000 for each worker's compensation claim, \$250,000 for each general liability claim and \$25,000 for each property damage claim. The City purchases commercial insurance for claims in excess of coverage provided by the Self Insurance Fund. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

The Self Insurance Fund allocates the costs of providing claims servicing and claims payment to other funds by charging them a "premium" based on estimates of the amounts needed to pay prior and current claims. At June 30, 2011, the Self Insurance Fund has a claim liability of \$2,266,102. The liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A summary of changes in the Self Insurance Fund's claims liability during the years ended June 30, 2011 and 2010 follows:

	2011	2010
Beginning Balance	\$ 2,704,725	\$ 2,950,022
Claims Incurred and Change in Estimate	454,580	1,039,788
Claim Payments	(893,203)	(1,285,085)
Ending Balance	\$ 2,266,102	\$ 2,704,725

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

The City established the Health Insurance Fund, an internal service fund, to account for and finance employee medical claims. The Health Insurance Fund provides coverage for claims up to \$100,000 per employee per year. The City purchases commercial insurance for claims in excess of \$100,000. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

The Health Insurance Fund allocates the costs of providing claims servicing and claims payment to other funds by charging them a "premium" based on estimates of the amounts needed to pay prior and current claims. At June 30, 2011, the Health Insurance Fund has a claim liability of \$525,759, which is based on the requirements of Governmental Accounting Standards Board Statement No. 10. A summary of changes in the Health Insurance Fund's claims liability during the years ended June 30, 2011 and 2010 follows:

	2011	2010
Beginning Balance	\$ 495,045	\$ 323,868
Claims Incurred and Change in Estimate	6,130,133	6,529,300
Claim Payments	<u>(6,099,419)</u>	<u>(6,358,123)</u>
Ending Balance	<u>\$ 525,759</u>	<u>\$ 495,045</u>

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

Note 17 - COMMITMENTS

On September 15, 1992, the City entered into a base lease agreement and a facilities lease agreement with the Myrtle Beach Public Facilities Corporation (the Corporation). Under the base lease agreement, the Corporation leased from the City land and existing convention center improvements for the sum of one dollar annually. The Corporation completed the construction of the new addition to the convention center and the improvements to the facilities in existence. The Corporation funded the costs through the issuance, on October 7, 1992, of certificates of participation in the aggregate amount of \$20,925,000. Under the facilities lease agreement, the Corporation is leasing the convention center facilities back to the City. The Corporation utilizes the lease receipts to fund the debt service for the certificates of participation.

The facilities lease agreement was subsequently amended on April 1, 2010 as a result of the advance refunding of the certificates of participation, series 1992. A schedule of the remaining lease payments provided for in the amended facilities lease agreement, as of June 30, 2011, follows. The amounts provided for each year are sufficient to fund the required debt service on the certificates of participation.

Year Ending June 30, 2012		\$ 1,682,700
2013		1,681,450
2014		1,689,850
2015		1,680,650
2016		1,692,400
2017		<u>1,690,000</u>
		<u>\$ 10,117,050</u>

The City shall pay the rent shown above in installments on July 1st and January 1st of each fiscal year. In the event that the rent payments, as shown, are not appropriated by the City in its budget, the City may terminate the lease at the end of the period through which lease rentals are paid. The City must give written notice of the non-appropriation not later than the first day of the budget year which includes the non-appropriation. Such non-appropriation by the City allows the Corporation to

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

liquidate its interest in the convention center facilities, or to re-lease the convention center facilities. The City is granted the option to terminate the facilities lease agreement and to purchase the Corporation's interest in the facilities on any date, upon payment of the applicable purchase option price.

A portion of the City's future hospitality fee collections have been pledged for the repayment of the certificates of participation, series 1998. The pledged hospitality fees are to be transferred annually from the Hospitality Fee Fund to the Baseball Stadium Fund for the debt service payments on the certificates of participation. Hospitality fee collections have been pledged through the fiscal year ending June 30, 2018 as follows:

Year Ending June 30, 2012	\$	565,035
2013		566,715
2014		567,175
2015		565,950
2016		567,175
2017 - 2018		<u>1,133,125</u>
	\$	<u><u>3,965,175</u></u>

A portion of the City's future hospitality fee collections have been pledged for the repayment of the certificates of participation, series 2002. The pledged hospitality fees are to be transferred annually from the Hospitality Fee Fund to the Public Facilities Corporation Fund for the debt service payments on the certificates of participation. Hospitality fee collections have been pledged through the fiscal year ending June 30, 2023 as follows:

Year Ending June 30, 2012	\$	311,050
2013		313,650
2014		310,850
2015		312,850
2016		314,187
2017 - 2021		1,562,063
2022 - 2023		<u>627,038</u>
	\$	<u><u>3,751,688</u></u>

In accordance with a water and wastewater service agreement dated June 30, 2006, the City is purchasing wholesale water and wastewater treatment service from Grand Strand Water and Sewer Authority. The agreement requires the City to pay a monthly volumetric service charge. During the year ended June 30, 2011, water and wastewater treatment service charges totaled \$12,142,757.

Prior to June 30, 2011, the City entered into various construction contracts. The approximate costs of the contracts were \$9,270,000 of which roughly \$3,138,000 has been incurred as of year-end.

Note 18 - CONTINGENCIES

The City is a defendant in various lawsuits. The outcome of the lawsuits is not presently determinable; however, the City does not believe the settlement of these matters will have a material effect on the financial condition of the City.

Note 19 - SUBSEQUENT EVENTS

Subsequent to June 30, 2011, the City issued \$8,900,000 of waterworks and sewer system revenue bonds to finance the expansion and improvement of the waterworks and sewer system. The interest rates on the bonds range from 2.000% to 4.125% and the final maturity date is March 1, 2032.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Subsequent to June 30, 2011, the City issued \$2,800,000 of general obligation bonds to currently refund \$1,720,000 of the outstanding general obligation bonds, series 1999 and \$1,165,000 of the outstanding general obligation bonds, series 2001. The interest rates on the bonds range from 2.0% to 3.0% and the final maturity date is March 1, 2017.

Subsequent to June 30, 2011, the City issued \$15,800,000 of general obligation bonds to advance refund \$3,570,000 of the outstanding general obligation bonds, series 2002B and \$8,380,000 of the outstanding general obligation bonds, series 2003A. The interest rates on the bonds range from 3.0% to 5.0% and the final maturity date is March 1, 2028.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 17,708,803	\$ 17,708,803	\$ 17,482,056	\$ (226,747)
Licenses and Permits	21,417,138	21,417,138	21,014,534	(402,604)
Fines and Forfeitures	1,702,800	1,702,800	1,185,600	(517,200)
Intergovernmental	2,483,050	2,591,133	2,547,357	(43,776)
Charges for Services	2,791,140	2,791,140	2,480,006	(311,134)
Miscellaneous	3,010,000	3,010,040	3,076,946	66,906
Total Revenues	\$ 49,112,931	\$ 49,221,054	\$ 47,786,499	\$ (1,434,555)
EXPENDITURES				
Current:				
General Government	\$ 10,248,039	\$ 10,888,475	\$ 10,503,356	\$ 385,119
Public Safety	29,706,321	29,795,804	29,055,534	740,270
Transportation	2,893,253	2,943,253	3,112,385	(169,132)
Community and Economic Development	2,665,056	2,123,894	2,080,826	43,068
Culture and Recreation	10,928,363	10,798,929	10,358,263	440,666
Public Works	1,432,951	1,432,951	1,382,108	50,843
Capital Outlay	18,580	17,380	46,346	(28,966)
Total Expenditures	\$ 57,892,563	\$ 58,000,686	\$ 56,538,818	\$ 1,461,868
Deficiency of Revenues Under Expenditures	\$ (8,779,632)	\$ (8,779,632)	\$ (8,752,319)	\$ 27,313
OTHER FINANCING SOURCES				
Transfers In	\$ 8,762,584	\$ 8,775,745	\$ 9,409,420	\$ 633,675
Sale of Capital Assets			13,226	13,226
Total Other Financing Sources	\$ 8,762,584	\$ 8,775,745	\$ 9,422,646	\$ 646,901
Net Change in Fund Balances	\$ (17,048)	\$ (3,887)	\$ 670,327	\$ 674,214
Fund Balances - Beginning	<u>7,965,483</u>	<u>7,965,483</u>	<u>7,965,483</u>	
Fund Balances - Ending	<u>\$ 7,948,435</u>	<u>\$ 7,961,596</u>	<u>\$ 8,635,810</u>	<u>\$ 674,214</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CONVENTION CENTER FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,265,000	\$ 1,265,000	\$ 1,066,390	\$ (198,610)
Licenses and Permits	775,000	775,000	744,000	(31,000)
Intergovernmental	50,000	50,000	66,919	16,919
Charges for Services	2,500,000	2,495,000	2,258,288	(236,712)
Miscellaneous	345,000	233,460	940,425	706,965
Total Revenues	<u>\$ 4,935,000</u>	<u>\$ 4,818,460</u>	<u>\$ 5,076,022</u>	<u>\$ 257,562</u>
EXPENDITURES				
Current:				
General Government	\$ 320,621	\$ 329,246	\$ 329,246	\$
Culture and Recreation	4,254,014	4,295,082	4,295,082	
Capital Outlay		13,715	13,715	
Total Expenditures	<u>\$ 4,574,635</u>	<u>\$ 4,638,043</u>	<u>\$ 4,638,043</u>	<u>\$</u>
Excess of Revenues Over Expenditures	<u>\$ 360,365</u>	<u>\$ 180,417</u>	<u>\$ 437,979</u>	<u>\$ 257,562</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 965,000	\$ 965,000	\$ 1,132,439	\$ 167,439
Transfers Out	(1,208,825)	(1,338,383)	(1,338,383)	
Total Other Financing Sources (Uses)	<u>\$ (243,825)</u>	<u>\$ (373,383)</u>	<u>\$ (205,944)</u>	<u>\$ 167,439</u>
Net Change in Fund Balance	\$ 116,540	\$ (192,966)	\$ 232,035	\$ 425,001
Fund Balance - Beginning	<u>(808,736)</u>	<u>(808,736)</u>	<u>(808,736)</u>	<u></u>
Fund Balance - Ending	<u><u>\$ (692,196)</u></u>	<u><u>\$ (1,001,702)</u></u>	<u><u>\$ (576,701)</u></u>	<u><u>\$ 425,001</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL OPTION TOURISM FEE FUND
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Option Tourism Fee	\$ 15,867,000	\$ 15,867,000	\$ 20,440,454	\$ 4,573,454
Miscellaneous			89,871	89,871
Total Revenues	<u>\$ 15,867,000</u>	<u>\$ 15,867,000</u>	<u>\$ 20,530,325</u>	<u>\$ 4,663,325</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 13,436,176	\$ 17,476,457	\$ 17,476,457	\$ _____
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,430,824	\$ (1,609,457)	\$ 3,053,868	\$ 4,663,325
OTHER FINANCING USES				
Transfers Out	<u>(2,361,197)</u>	<u>(2,790,655)</u>	<u>(2,790,655)</u>	<u>_____</u>
Net Change in Fund Balance	\$ 69,627	\$ (4,400,112)	\$ 263,213	\$ 4,663,325
Fund Balance - Beginning	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
Fund Balance - Ending	<u>\$ 69,627</u>	<u>\$ (4,400,112)</u>	<u>\$ 263,213</u>	<u>\$ 4,663,325</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
AIR BASE TAX INCREMENT REVENUE FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 3,755,048	\$ 3,755,048	\$ 3,910,665	\$ 155,617
Intergovernmental			38,991	38,991
Miscellaneous	50,000	50,000	11,913	(38,087)
Total Revenues	<u>\$ 3,805,048</u>	<u>\$ 3,805,048</u>	<u>\$ 3,961,569</u>	<u>\$ 156,521</u>
EXPENDITURES				
Current:				
General Government	\$ 1,027,411		\$	
Community and Economic Development	153,105	3,033,419	1,780,732	1,252,687
Capital Outlay		198,746	198,746	
Debt Service:				
Principal	610,000	610,000	580,000	30,000
Interest and Fiscal Charges	1,594,020	2,080,303	2,080,303	
Bond Issuance Costs		40,728	40,728	
Total Expenditures	<u>\$ 3,384,536</u>	<u>\$ 5,963,196</u>	<u>\$ 4,680,509</u>	<u>\$ 1,282,687</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 420,512</u>	<u>\$ (2,158,148)</u>	<u>\$ (718,940)</u>	<u>\$ 1,439,208</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$	\$ (6,250,000)	\$ (432,914)	\$ 5,817,086
Tax Increment Revenue Bonds Issued		8,850,000	9,097,782	247,782
Total Other Financing Sources (Uses)	<u>\$</u>	<u>\$ 2,600,000</u>	<u>\$ 8,664,868</u>	<u>\$ 6,064,868</u>
Net Change in Fund Balances	<u>\$ 420,512</u>	<u>\$ 441,852</u>	<u>\$ 7,945,928</u>	<u>\$ 7,504,076</u>
Fund Balances - Beginning	<u>8,046,802</u>	<u>8,046,802</u>	<u>8,046,802</u>	
Fund Balances - Ending	<u>\$ 8,467,314</u>	<u>\$ 8,488,654</u>	<u>\$ 15,992,730</u>	<u>\$ 7,504,076</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

Note 1 - BUDGETS AND BUDGETARY ACCOUNTING

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1st, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30th, the budget is legally enacted through passage of an ordinance.
4. The Budget Officer, as designee of the City Manager, is authorized to transfer budgeted amounts between departments; however, revisions that alter the total expenditures of any fund must be approved by the City Council. Thus, the legal level of control is at the fund level.
5. The City employs formal budgetary integration as a management control device during the year and generally adopts an annual appropriated budget for all funds other than fiduciary funds. The budgets are adopted annually on a basis consistent with generally accepted accounting principles. For the year ended June 30, 2011, there was no budget adopted for the internal service funds.
6. All annual appropriations lapse at year-end. Unexpended appropriations for construction projects in the capital projects fund are reappropriated in the subsequent year.

Note 2 - SUPPLEMENTAL APPROPRIATIONS

The legal level of budget control is at the fund level. Thus, expenditures may not legally exceed appropriations, including supplemental appropriations, for an individual fund. For the year ended June 30, 2011, expenditures did not exceed appropriations for any of the City's individual funds. Supplemental funds were appropriated for expenditures and expenses during the year ended June 30, 2011 as follows:

General Fund	\$ 108,123
Convention Center Fund	192,966
Local Option Tourism Fee Fund	4,469,739
Air Base Tax Increment Revenue Fund	8,828,660
Capital Improvements Fund	23,967,705
Nonmajor Governmental Funds:	
Accommodations Tax Fund	117,984
Public Facilities Corporation Fund	5,426
Community Block Development Fund	230,202
Ocean Front Tax Increment Revenue Fund	1,619,650
Hospitality Fee Fund	3,120
Solid Waste Management Fund	15,649

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Accommodations Tax Fund - This fund is used to account for additional sales taxes collected on rentals of transient accommodations for the purpose of tourism related expenditures.

Public Facilities Corporation Fund - This fund is used to accumulate funds from the lease of the expanded convention center to the City and from interest earnings of those funds for the purpose of supporting and funding the debt service payments on the certificates of participation issued to fund the construction.

Community Block Development Fund - This fund is used to accumulate funds from federal grants and other sources to be used for community development projects.

Victims Advocate Fund - This fund is used to account for the additional police fines levied as a result of a State mandated program instituted for the purpose of assisting and protecting the victims and witnesses of crimes.

Storm Water Fund - This fund is used to account for the fee charged to all developed sites within the corporate limits of the City for the purpose of funding such projects and activities which will protect, maintain and enhance health, safety and the general welfare of the citizens of the City; to decrease degradation of the beaches; to prevent damage to property from improper drainage and flooding; and to protect drinking water supplies.

Local Accommodations Tax Fund - This fund is used to account for additional ½% sales taxes collected on rentals of transient accommodations for the purpose of tourism related expenditures.

Ocean Front Tax Increment Revenue Fund - This fund is used to accumulate taxes collected within the tax increment district to be used for community development within the district.

Hospitality Fee Fund - This fund is used to account for a 1.0% fee imposed on accommodations, paid places of amusement and food and beverages served by a food facility for the purpose of tourism related expenditures.

Debt Service Fund

The **Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue Funds			
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Victims Advocate
ASSETS				
Cash and Temporary Investments	\$	\$	\$	\$ 1,500
Receivables (Net):				
Property Taxes				
Local Accommodations Taxes				
Hospitality Fees				
Storm Water Fees				
Accounts			10,877	
Intergovernmental	2,408,386		55,245	
Loans			722,066	
Restricted Cash and Temporary Investments		981,075		
Total Assets	<u>\$ 2,408,386</u>	<u>\$ 981,075</u>	<u>\$ 788,188</u>	<u>\$ 1,500</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 631,752	\$	\$ 3,000	\$ 11,796
Due to Other Fund	1,776,634	1,690,973	61,585	71,190
Deferred Revenue				
Total Liabilities	<u>\$ 2,408,386</u>	<u>\$ 1,690,973</u>	<u>\$ 64,585</u>	<u>\$ 82,986</u>
Fund Balances (Deficit):				
Nonspendable:				
Long-Term Receivables	\$	\$	\$ 722,066	\$
Restricted for:				
Tourism Promotion and Support				
Community Development			1,537	
Capital Projects				
Debt Service		981,075		
Unassigned		(1,690,973)		(81,486)
Total Fund Balances (Deficit)	<u>\$</u>	<u>\$ (709,898)</u>	<u>\$ 723,603</u>	<u>\$ (81,486)</u>
Total Liabilities and Fund Balances	<u>\$ 2,408,386</u>	<u>\$ 981,075</u>	<u>\$ 788,188</u>	<u>\$ 1,500</u>

Special Revenue Funds

Storm Water	Local Accommodations Tax	Ocean Front Tax Increment Revenue	Hospitality Fee	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 472,874	\$	\$ 267,131	\$	\$ 741,505	\$ 4,147,454	\$ 4,888,959
		13,346		13,346		13,346
	337,579			337,579		337,579
			1,337,466	1,337,466		1,337,466
44,498				44,498		44,498
		56,183		67,060	79,548	146,608
		281		2,463,912		2,463,912
				722,066		722,066
<u>1,045,546</u>		<u>1,097,208</u>		<u>3,123,829</u>		<u>3,123,829</u>
<u>\$ 1,562,918</u>	<u>\$ 337,579</u>	<u>\$ 1,434,149</u>	<u>\$ 1,337,466</u>	<u>\$ 8,851,261</u>	<u>\$ 4,227,002</u>	<u>\$ 13,078,263</u>
\$ 38,355	\$	\$ 290,184	\$	\$ 975,087	\$ 2,793	\$ 977,880
	184,284		37,623	3,822,289		3,822,289
	64	13,346	15,410	28,820		28,820
<u>\$ 38,355</u>	<u>\$ 184,348</u>	<u>\$ 303,530</u>	<u>\$ 53,033</u>	<u>\$ 4,826,196</u>	<u>\$ 2,793</u>	<u>\$ 4,828,989</u>
\$	\$	\$	\$	\$ 722,066	\$	\$ 722,066
	153,231		1,284,433	1,437,664		1,437,664
479,017		98,123		578,677		578,677
		292,836		292,836		292,836
1,045,546		739,660		2,766,281	4,224,209	6,990,490
				(1,772,459)		(1,772,459)
<u>\$ 1,524,563</u>	<u>\$ 153,231</u>	<u>\$ 1,130,619</u>	<u>\$ 1,284,433</u>	<u>\$ 4,025,065</u>	<u>\$ 4,224,209</u>	<u>\$ 8,249,274</u>
<u>\$ 1,562,918</u>	<u>\$ 337,579</u>	<u>\$ 1,434,149</u>	<u>\$ 1,337,466</u>	<u>\$ 8,851,261</u>	<u>\$ 4,227,002</u>	<u>\$ 13,078,263</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	Special Revenue Funds			
	Accommodations	Public	Community	Victims
	Tax	Facilities Corporation	Block Development	Advocate
REVENUES				
Property Taxes	\$	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fees				
Storm Water Fees				
Fines and Forfeitures				159,554
Intergovernmental	6,728,035		353,575	
Miscellaneous	18,388		2,403	
Total Revenues	<u>\$ 6,746,423</u>	<u>\$</u>	<u>\$ 355,978</u>	<u>\$ 159,554</u>
EXPENDITURES				
Current:				
General Government	\$	\$ 5,426	\$ 337	\$ 267,285
Transportation				
Community and Economic Development	2,013,911		339,520	
Capital Outlay				
Debt Service:				
Principal				
Interest and Fiscal Charges				
Total Expenditures	<u>\$ 2,013,911</u>	<u>\$ 5,426</u>	<u>\$ 339,857</u>	<u>\$ 267,285</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>\$ 4,732,512</u>	<u>\$ (5,426)</u>	<u>\$ 16,121</u>	<u>\$ (107,731)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$	\$ 1,539,400	\$	\$
Transfers Out	(4,732,513)	(1,539,400)	(7,279)	
Storm Water Revenue Bonds Issued				
Total Other Financing Sources (Uses)	<u>\$ (4,732,513)</u>	<u>\$</u>	<u>\$ (7,279)</u>	<u>\$</u>
Net Change in Fund Balances	\$ (1)	\$ (5,426)	\$ 8,842	\$ (107,731)
Fund Balances - Beginning	<u>1</u>	<u>(704,472)</u>	<u>714,761</u>	<u>26,245</u>
Fund Balances - Ending	<u>\$</u>	<u>\$ (709,898)</u>	<u>\$ 723,603</u>	<u>\$ (81,486)</u>

Special Revenue Funds

Storm Water	Local Accommodations Tax	Ocean Front Tax Increment Revenue	Hospitality Fee	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$	\$	\$ 300,315	\$	\$ 300,315	\$ 2,313,394	\$ 2,613,709
	2,065,000			2,065,000		2,065,000
			9,023,986	9,023,986		9,023,986
1,836,316				1,836,316		1,836,316
				159,554		159,554
		113,493		7,195,103		7,195,103
1,319	992	124,975	34,207	182,284	10,939	193,223
<u>\$ 1,837,635</u>	<u>\$ 2,065,992</u>	<u>\$ 538,783</u>	<u>\$ 9,058,193</u>	<u>\$ 20,762,558</u>	<u>\$ 2,324,333</u>	<u>\$ 23,086,891</u>
\$ 222,537	\$	\$	\$	\$ 495,585	\$ 244,111	\$ 739,696
1,491,277				1,491,277		1,491,277
				2,353,431		2,353,431
		1,295,584		1,295,584		1,295,584
536,215			555,000	1,091,215	3,093,930	4,185,145
341,182		443,510	2,553,945	3,338,637	2,686,343	6,024,980
<u>\$ 2,591,211</u>	<u>\$</u>	<u>\$ 1,739,094</u>	<u>\$ 3,108,945</u>	<u>\$ 10,065,729</u>	<u>\$ 6,024,384</u>	<u>\$ 16,090,113</u>
<u>\$ (753,576)</u>	<u>\$ 2,065,992</u>	<u>\$ (1,200,311)</u>	<u>\$ 5,949,248</u>	<u>\$ 10,696,829</u>	<u>\$ (3,700,051)</u>	<u>\$ 6,996,778</u>
\$ 1,343,884	\$	\$ 147,241	\$ 129,558	\$ 3,160,083	\$ 5,831,194	\$ 8,991,277
(987,229)	(2,220,207)	(324,066)	(5,250,293)	(15,060,987)		(15,060,987)
11,141				11,141		11,141
<u>\$ 367,796</u>	<u>\$ (2,220,207)</u>	<u>\$ (176,825)</u>	<u>\$ (5,120,735)</u>	<u>\$ (11,889,763)</u>	<u>\$ 5,831,194</u>	<u>\$ (6,058,569)</u>
\$ (385,780)	\$ (154,215)	\$ (1,377,136)	\$ 828,513	\$ (1,192,934)	\$ 2,131,143	\$ 938,209
1,910,343	307,446	2,507,755	455,920	5,217,999	2,093,066	7,311,065
<u>\$ 1,524,563</u>	<u>\$ 153,231</u>	<u>\$ 1,130,619</u>	<u>\$ 1,284,433</u>	<u>\$ 4,025,065</u>	<u>\$ 4,224,209</u>	<u>\$ 8,249,274</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
ACCOMMODATIONS TAX FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,625,000	\$ 6,625,000	\$ 6,728,035	\$ 103,035
Miscellaneous	3,440	3,440	18,388	14,948
Total Revenues	<u>\$ 6,628,440</u>	<u>\$ 6,628,440</u>	<u>\$ 6,746,423</u>	<u>\$ 117,983</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 1,980,000	\$ 2,013,911	\$ 2,013,911	\$ _____
Excess of Revenues Over Expenditures	\$ 4,648,440	\$ 4,614,529	\$ 4,732,512	\$ 117,983
OTHER FINANCING USES				
Transfers Out	<u>(4,648,440)</u>	<u>(4,732,513)</u>	<u>(4,732,513)</u>	<u>_____</u>
Net Change in Fund Balance	\$ _____	\$ (117,984)	\$ (1)	\$ 117,983
Fund Balance - Beginning	<u>1</u>	<u>1</u>	<u>1</u>	<u>_____</u>
Fund Balance - Ending	<u>\$ 1</u>	<u>\$ (117,983)</u>	<u>\$ _____</u>	<u>\$ 117,983</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
PUBLIC FACILITIES CORPORATION FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 12,000	\$ 12,000		\$ (12,000)
EXPENDITURES				
General Government		\$ 5,426	\$ 5,426	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 12,000	\$ 6,574	\$ (5,426)	\$ (12,000)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,539,400	\$ 1,539,400	\$ 1,539,400	
Transfers Out	(1,539,400)	(1,539,400)	(1,539,400)	
Total Other Financing Sources (Uses)	\$	\$	\$	\$
Net Change in Fund Balances	\$ 12,000	\$ 6,574	\$ (5,426)	\$ (12,000)
Fund Balances - Beginning	(704,472)	(704,472)	(704,472)	
Fund Balances - Ending	\$ (692,472)	\$ (697,898)	\$ (709,898)	\$ (12,000)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
COMMUNITY BLOCK DEVELOPMENT FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 185,000	\$ 416,952	\$ 353,575	\$ (63,377)
Miscellaneous	1,750		2,403	2,403
Total Revenues	<u>\$ 186,750</u>	<u>\$ 416,952</u>	<u>\$ 355,978</u>	<u>\$ (60,974)</u>
EXPENDITURES				
Current:				
General Government	\$	\$	\$ 337	\$ (337)
Community and Economic Development	186,750	416,952	339,520	77,432
Total Expenditures	<u>\$ 186,750</u>	<u>\$ 416,952</u>	<u>\$ 339,857</u>	<u>\$ 77,095</u>
Excess of Revenues Over Expenditures	\$	\$	\$ 16,121	\$ 16,121
OTHER FINANCING USES				
Transfers Out			(7,279)	(7,279)
Net Change in Fund Balances	\$	\$	\$ 8,842	\$ 8,842
Fund Balances - Beginning	<u>714,761</u>	<u>714,761</u>	<u>714,761</u>	
Fund Balances - Ending	<u>\$ 714,761</u>	<u>\$ 714,761</u>	<u>\$ 723,603</u>	<u>\$ 8,842</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
VICTIMS ADVOCATE FUND
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 220,000	\$ 159,554	\$ (60,446)
EXPENDITURES			
Current:			
General Government	\$ 270,972	\$ 267,285	\$ 3,687
Net Change in Fund Balance	\$ (50,972)	\$ (107,731)	\$ (56,759)
Fund Balance - Beginning	<u>26,245</u>	<u>26,245</u>	
Fund Balance - Ending	<u><u>\$ (24,727)</u></u>	<u><u>\$ (81,486)</u></u>	<u><u>\$ (56,759)</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
STORM WATER FUND
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Storm Water Fees	\$ 1,799,286	\$ 1,836,316	\$ 37,030
Miscellaneous	20,000	1,319	(18,681)
Total Revenues	<u>\$ 1,819,286</u>	<u>\$ 1,837,635</u>	<u>\$ 18,349</u>
EXPENDITURES			
Current:			
General Government	\$ 222,537	\$ 222,537	\$
Transportation	1,673,103	1,491,277	181,826
Debt Service:			
Principal	418,030	536,215	(118,185)
Interest and Fiscal Charges	481,426	341,182	140,244
Total Expenditures	<u>\$ 2,795,096</u>	<u>\$ 2,591,211</u>	<u>\$ 203,885</u>
Deficiency of Revenues Under Expenditures	<u>\$ (975,810)</u>	<u>\$ (753,576)</u>	<u>\$ 222,234</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 1,343,884	\$ 1,343,884	\$
Transfers Out	(987,229)	(987,229)	
Storm Water Revenue Bonds Issued		11,141	11,141
Total Other Financing Sources (Uses)	<u>\$ 356,655</u>	<u>\$ 367,796</u>	<u>\$ 11,141</u>
Net Change in Fund Balances	\$ (619,155)	\$ (385,780)	\$ 233,375
Fund Balances - Beginning	<u>1,910,343</u>	<u>1,910,343</u>	
Fund Balances - Ending	<u><u>\$ 1,291,188</u></u>	<u><u>\$ 1,524,563</u></u>	<u><u>\$ 233,375</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
LOCAL ACCOMMODATIONS TAX FUND
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Local Accommodations Taxes	\$ 1,737,500	\$ 2,065,000	\$ 327,500
Miscellaneous	5,000	992	(4,008)
Total Revenues	<u>\$ 1,742,500</u>	<u>\$ 2,065,992</u>	<u>\$ 323,492</u>
OTHER FINANCING USES			
Transfers Out	<u>\$ (2,533,582)</u>	<u>\$ (2,220,207)</u>	<u>\$ 313,375</u>
Net Change in Fund Balance	\$ (791,082)	\$ (154,215)	\$ 636,867
Fund Balance - Beginning	<u>307,446</u>	<u>307,446</u>	
Fund Balance - Ending	<u><u>\$ (483,636)</u></u>	<u><u>\$ 153,231</u></u>	<u><u>\$ 636,867</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
OCEAN FRONT TAX INCREMENT REVENUE FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 75,000	\$ 75,000	\$ 300,315	\$ 225,315
Intergovernmental			113,493	113,493
Miscellaneous			124,975	124,975
Total Revenues	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 538,783</u>	<u>\$ 463,783</u>
EXPENDITURES				
Capital Outlay	\$	\$ 1,295,584	\$ 1,295,584	\$
Debt Service:				
Interest and Fiscal Charges	443,510	443,510	443,510	
Total Expenditures	<u>\$ 443,510</u>	<u>\$ 1,739,094</u>	<u>\$ 1,739,094</u>	<u>\$</u>
Deficiency of Revenues Under Expenditures	<u>\$ (368,510)</u>	<u>\$ (1,664,094)</u>	<u>\$ (1,200,311)</u>	<u>\$ 463,783</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 460,616	\$ 460,616	\$ 147,241	\$ (313,375)
Transfers Out		(324,066)	(324,066)	
Total Other Financing Sources (Uses)	<u>\$ 460,616</u>	<u>\$ 136,550</u>	<u>\$ (176,825)</u>	<u>\$ (313,375)</u>
Net Change in Fund Balances	\$ 92,106	\$ (1,527,544)	\$ (1,377,136)	\$ 150,408
Fund Balances - Beginning	<u>2,507,755</u>	<u>2,507,755</u>	<u>2,507,755</u>	
Fund Balances - Ending	<u>\$ 2,599,861</u>	<u>\$ 980,211</u>	<u>\$ 1,130,619</u>	<u>\$ 150,408</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
HOSPITALITY FEE FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Hospitality Fees	\$ 8,150,000	\$ 8,150,000	\$ 9,023,986	\$ 873,986
Miscellaneous			34,207	34,207
Total Revenues	<u>\$ 8,150,000</u>	<u>\$ 8,150,000</u>	<u>\$ 9,058,193</u>	<u>\$ 908,193</u>
EXPENDITURES				
Debt Service:				
Principal	\$ 551,880	\$ 555,000	\$ 555,000	\$
Interest and Fiscal Charges	2,553,945	2,553,945	2,553,945	
Total Expenditures	<u>\$ 3,105,825</u>	<u>\$ 3,108,945</u>	<u>\$ 3,108,945</u>	<u>\$</u>
Excess of Revenues Over Expenditures	<u>\$ 5,044,175</u>	<u>\$ 5,041,055</u>	<u>\$ 5,949,248</u>	<u>\$ 908,193</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$	\$	\$ 129,558	\$ 129,558
Transfers Out	(5,250,293)	(5,250,293)	(5,250,293)	
Total Other Financing Sources (Uses)	<u>\$ (5,250,293)</u>	<u>\$ (5,250,293)</u>	<u>\$ (5,120,735)</u>	<u>\$ 129,558</u>
Net Change in Fund Balance	<u>\$ (206,118)</u>	<u>\$ (209,238)</u>	<u>\$ 828,513</u>	<u>\$ 1,037,751</u>
Fund Balance - Beginning	<u>455,920</u>	<u>455,920</u>	<u>455,920</u>	
Fund Balance - Ending	<u><u>\$ 249,802</u></u>	<u><u>\$ 246,682</u></u>	<u><u>\$ 1,284,433</u></u>	<u><u>\$ 1,037,751</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,625,000	\$ 2,625,000	\$ 2,313,394	\$ (311,606)
Miscellaneous	20,000	20,000	10,939	(9,061)
Total Revenues	<u>\$ 2,645,000</u>	<u>\$ 2,645,000</u>	<u>\$ 2,324,333</u>	<u>\$ (320,667)</u>
EXPENDITURES				
Current:				
General Government	\$ 231,486	\$ 231,486	\$ 244,111	\$ (12,625)
Debt Service:				
Principal	3,350,161	3,350,161	3,093,930	256,231
Interest and Fiscal Charges	3,040,136	3,040,136	2,686,343	353,793
Total Expenditures	<u>\$ 6,621,783</u>	<u>\$ 6,621,783</u>	<u>\$ 6,024,384</u>	<u>\$ 597,399</u>
Deficiency of Revenues Under Expenditures	\$ (3,976,783)	\$ (3,976,783)	\$ (3,700,051)	\$ 276,732
OTHER FINANCING SOURCES				
Transfers In	<u>5,795,782</u>	<u>5,831,789</u>	<u>5,831,194</u>	<u>(595)</u>
Net Change in Fund Balance	\$ 1,818,999	\$ 1,855,006	\$ 2,131,143	\$ 276,137
Fund Balance - Beginning	<u>2,093,066</u>	<u>2,093,066</u>	<u>2,093,066</u>	
Fund Balance - Ending	<u><u>\$ 3,912,065</u></u>	<u><u>\$ 3,948,072</u></u>	<u><u>\$ 4,224,209</u></u>	<u><u>\$ 276,137</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 480,000	\$ 480,000	\$ 478,915	\$ (1,085)
Licenses and Permits	100,000	100,000	140,000	40,000
Intergovernmental	640,000	2,182,503	2,214,333	31,830
Miscellaneous	500,000	2,522,940	2,982,567	459,627
Total Revenues	<u>\$ 1,720,000</u>	<u>\$ 5,285,443</u>	<u>\$ 5,815,815</u>	<u>\$ 530,372</u>
EXPENDITURES				
Current:				
General Government	\$ 703,485	\$ 703,485	\$ 706,503	\$ (3,018)
Public Safety		214,244	214,244	
Transportation		208,677	208,677	
Community and Economic Development		12,095	12,095	
Culture and Recreation		287,549	287,549	
Capital Outlay	1,404,500	24,600,472	4,686,138	19,914,334
Total Expenditures	<u>\$ 2,107,985</u>	<u>\$ 26,026,522</u>	<u>\$ 6,115,206</u>	<u>\$ 19,911,316</u>
Deficiency of Revenues Under Expenditures	<u>\$ (387,985)</u>	<u>\$ (20,741,079)</u>	<u>\$ (299,391)</u>	<u>\$ 20,441,688</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$	\$ 6,250,000	\$ 477,270	\$ (5,772,730)
Transfers Out	(40,000)	(89,168)	(89,167)	1
General Obligation Bonds Issued		7,500,000		(7,500,000)
Total Other Financing Sources (Uses)	<u>\$ (40,000)</u>	<u>\$ 13,660,832</u>	<u>\$ 388,103</u>	<u>\$ (13,272,729)</u>
Net Change in Fund Balances	<u>\$ (427,985)</u>	<u>\$ (7,080,247)</u>	<u>\$ 88,712</u>	<u>\$ 7,168,959</u>
Fund Balances - Beginning	<u>16,483,151</u>	<u>16,483,151</u>	<u>16,483,151</u>	
Fund Balances - Ending	<u>\$ 16,055,166</u>	<u>\$ 9,402,904</u>	<u>\$ 16,571,863</u>	<u>\$ 7,168,959</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by an activity to other funds of the City on a cost reimbursement basis.

Fleet Management Fund - This fund is used to account for the rental of motor vehicles and certain equipment to other funds and the related costs associated with those rentals.

Self Insurance Fund - This fund is used to account for the City's worker's compensation, general liability and property damage insurance programs which accumulate resources from charges to other funds for the payment of premiums, claims and administrative expenses.

Health Insurance Fund - This fund is used to account for the City's health insurance program which accumulates resources from charges to other funds for the payment of premiums, claims and administrative expenses.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2011

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Temporary Investments	\$ 1,911,037	\$ 7,951,458	\$ 2,657,711	\$ 12,520,206
Accounts Receivable	1,831	9,203	230,623	241,657
Inventories	181,115			181,115
Total Current Assets	\$ 2,093,983	\$ 7,960,661	\$ 2,888,334	\$ 12,942,978
Noncurrent Assets:				
Other Capital Assets (Net)	7,337,073			7,337,073
Total Assets	\$ 9,431,056	\$ 7,960,661	\$ 2,888,334	\$ 20,280,051
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 470,274	\$ 166,985	\$ 4,806,094	\$ 5,443,353
Due to Other Fund		129,779	2,593,793	2,723,572
Unreported Insurance Claims			525,759	525,759
Capital Lease Obligations	802,784			802,784
Total Current Liabilities	\$ 1,273,058	\$ 296,764	\$ 7,925,646	\$ 9,495,468
Noncurrent Liabilities:				
Compensated Absences	\$ 6,283	\$	\$	\$ 6,283
Unreported Insurance Claims		2,266,102		2,266,102
Capital Lease Obligations	2,859,935			2,859,935
Total Noncurrent Liabilities	\$ 2,866,218	\$ 2,266,102	\$	\$ 5,132,320
Total Liabilities	\$ 4,139,276	\$ 2,562,866	\$ 7,925,646	\$ 14,627,788
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 3,674,354	\$	\$	\$ 3,674,354
Unrestricted	1,617,426	5,397,795	(5,037,312)	1,977,909
Total Net Assets	\$ 5,291,780	\$ 5,397,795	\$ (5,037,312)	\$ 5,652,263

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2011

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 3,761,986	\$ 4,855,678	\$ 8,226,997	\$ 16,844,661
OPERATING EXPENSES				
Administration	\$ 450,706	\$	\$	\$ 450,706
Operations	1,126,433	2,489,083	9,949,518	13,565,034
Depreciation	2,155,908			2,155,908
Total Operating Expenses	<u>\$ 3,733,047</u>	<u>\$ 2,489,083</u>	<u>\$ 9,949,518</u>	<u>\$ 16,171,648</u>
Operating Income (Loss)	<u>\$ 28,939</u>	<u>\$ 2,366,595</u>	<u>\$ (1,722,521)</u>	<u>\$ 673,013</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 7,589	\$ 59,479	\$	\$ 67,068
Miscellaneous Revenues	821			821
Gain on Disposal of Capital Assets	13,990			13,990
Interest Expense	(156,649)		(168)	(156,817)
Total Nonoperating Revenues (Expenses)	<u>\$ (134,249)</u>	<u>\$ 59,479</u>	<u>\$ (168)</u>	<u>\$ (74,938)</u>
Income (Loss) Before Contributions	\$ (105,310)	\$ 2,426,074	\$ (1,722,689)	\$ 598,075
Capital Contributions	<u>50,000</u>			<u>50,000</u>
Change in Net Assets	\$ (55,310)	\$ 2,426,074	\$ (1,722,689)	\$ 648,075
Total Net Assets - Beginning	<u>5,347,090</u>	<u>2,971,721</u>	<u>(3,314,623)</u>	<u>5,004,188</u>
Total Net Assets - Ending	<u>\$ 5,291,780</u>	<u>\$ 5,397,795</u>	<u>\$ (5,037,312)</u>	<u>\$ 5,652,263</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2011

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Interfund Services Provided	\$ 3,761,986	\$ 4,855,678	\$ 8,226,997	\$ 16,844,661
Payments to Suppliers	(1,220,145)	(2,007,042)	(818,212)	(4,045,399)
Payments to Employees	(333,138)			(333,138)
Payments of Claims		(966,707)	(6,899,545)	(7,866,252)
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 2,208,703</u>	<u>\$ 1,881,929</u>	<u>\$ 509,240</u>	<u>\$ 4,599,872</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds From Interfund Loan	\$	\$ 79,732	\$ 602,375	\$ 682,107
Interest Payments on Interfund Loans			(168)	(168)
Net Cash and Cash Equivalents Provided by Noncapital Financing Activities	<u>\$</u>	<u>\$ 79,732</u>	<u>\$ 602,207</u>	<u>\$ 681,939</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	\$ 50,000	\$	\$	\$ 50,000
Principal Payments on Capital Lease Obligations	(510,312)			(510,312)
Interest Payments on Capital Lease Obligations	(173,584)			(173,584)
Purchases of Capital Assets	(457,416)			(457,416)
Proceeds From Disposal of Capital Assets	13,990			13,990
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (1,077,322)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (1,077,322)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	\$ 7,589	\$ 59,479	\$	\$ 67,068
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 7,589</u>	<u>\$ 59,479</u>	<u>\$</u>	<u>\$ 67,068</u>
Net Increase in Cash and Cash Equivalents	\$ 1,138,970	\$ 2,021,140	\$ 1,111,447	\$ 4,271,557
Cash and Cash Equivalents - Beginning	<u>772,067</u>	<u>5,930,318</u>	<u>1,546,264</u>	<u>8,248,649</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,911,037</u></u>	<u><u>\$ 7,951,458</u></u>	<u><u>\$ 2,657,711</u></u>	<u><u>\$ 12,520,206</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2011

	<u>Fleet Management Fund</u>	<u>Self Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided by Operating Activities</u>				
Operating Income (Loss)	\$ 28,939	\$ 2,366,595	\$ (1,722,521)	\$ 673,013
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided by Operating Activities:				
Depreciation	2,155,908			2,155,908
(Increase) Decrease in Accounts Receivable	(1,258)	26,252	(195,194)	(170,200)
(Increase) in Inventories	(64,568)			(64,568)
Increase (Decrease) in Accounts Payable and Accrued Expenses	88,861	(72,295)	2,396,241	2,412,807
Increase (Decrease) in Unreported Insurance Claims		(438,623)	30,714	(407,909)
Miscellaneous Receipts	821			821
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 2,208,703</u>	<u>\$ 1,881,929</u>	<u>\$ 509,240</u>	<u>\$ 4,599,872</u>

AGENCY FUND

Agency funds are used to account for assets which are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Firemen's Fund - This fund is used to account for the accumulation of resources derived primarily from the firemen's share of insurance proceeds remitted by the State of South Carolina to the City firemen and expended for their benefit.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FIREMEN'S FUND
Year Ended June 30, 2011

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
ASSETS				
Cash and Temporary Investments	\$ <u>2,692</u>	\$ <u>314,038</u>	\$ <u>304,955</u>	\$ <u>11,775</u>
LIABILITIES				
Due to Firemen's Association	\$ <u>2,692</u>	\$ <u>314,038</u>	\$ <u>304,955</u>	\$ <u>11,775</u>

DISCRETELY PRESENTED COMPONENT UNIT

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
June 30, 2011**

ASSETS

Cash and Temporary Investments	\$ 1,202,447
Loans Receivable	<u>12,819</u>
Total Assets	\$ <u><u>1,215,266</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts Payable and Accrued Expenditures	\$ 9,742
Unearned Revenue	<u>33,032</u>
Total Liabilities	<u>\$ 42,774</u>
Fund Balances:	
Nonspendable:	
Long-Term Receivables	\$ 12,819
Assigned for:	
Vehicle Replacement	15,000
Redevelopment Loans	48,410
Unassigned	<u>1,096,263</u>
Total Fund Balances	<u>\$ 1,172,492</u>
Total Liabilities and Fund Balances	\$ <u><u>1,215,266</u></u>

Reconciliation to the Statement of Net Assets

Total Fund Balances	\$ 1,172,492
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources and, therefore, are not reported in the fund financial statements.	136,059
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(12,354)</u>
Net Assets Reported in the Statement of Net Assets	\$ <u><u>1,296,197</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
Year Ended June 30, 2011

REVENUES	
Charges for Services	\$ 1,694,300
Miscellaneous	129,654
Total Revenues	<u>\$ 1,823,954</u>
EXPENDITURES	
Current:	
Community and Economic Development	\$ 1,268,844
Capital Outlay	67,654
Total Expenditures	<u>\$ 1,336,498</u>
Net Change in Fund Balances	\$ 487,456
Fund Balances - Beginning	<u>685,036</u>
Fund Balances - Ending	<u><u>\$ 1,172,492</u></u>

Reconciliation to the Statement of Activities

Net Change in Fund Balances	\$ 487,456
Amounts reported in the statement of activities are different because:	
The fund financial statements report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense.	29,684
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 fund financial statements.	<u>980</u>
Change in Net Assets Reported in the Statement of Activities	<u><u>\$ 518,120</u></u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - BUDGET AND ACTUAL
ENTERPRISE FUND
WATER AND SEWER FUND
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
OPERATING REVENUES			
Charges for Services	\$ 21,504,763	\$ 22,051,862	\$ 547,099
OPERATING EXPENSES			
Administration	\$ 5,285,219	\$ 4,481,990	\$ 803,229
Operations	17,406,742	16,647,524	759,218
Depreciation	4,000,000	3,949,950	50,050
Total Operating Expenses	\$ 26,691,961	\$ 25,079,464	\$ 1,612,497
Operating Loss	\$ (5,187,198)	\$ (3,027,602)	\$ 2,159,596
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 225,000	\$ 66,321	\$ (158,679)
Miscellaneous Revenue	200,000	136,030	(63,970)
Interest and Fiscal Charges	(505,363)	(392,724)	112,639
Amortization of Bond Issuance Costs	(12,964)	(12,965)	(1)
Total Nonoperating Revenues (Expenses)	\$ (93,327)	\$ (203,338)	\$ (110,011)
Loss Before Contributions and Transfers	\$ (5,280,525)	\$ (3,230,940)	\$ 2,049,585
Capital Contributions	2,000,000	1,121,501	(878,499)
Transfers Out	(1,148,300)	(1,148,300)	
Change in Net Assets	\$ (4,428,825)	\$ (3,257,739)	\$ 1,171,086
Total Net Assets - Beginning	111,544,793	111,544,793	
Total Net Assets - Ending	\$ 107,115,968	\$ 108,287,054	\$ 1,171,086

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - BUDGET AND ACTUAL
ENTERPRISE FUND
BASEBALL STADIUM FUND
Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for Services	\$ 22,000	\$ 32,564	\$ 10,564
OPERATING EXPENSES			
Operations	\$ 360,320	\$ 199,307	\$ 161,013
Depreciation	350,000	252,418	97,582
Total Operating Expenses	<u>\$ 710,320</u>	<u>\$ 451,725</u>	<u>\$ 258,595</u>
Operating Loss	<u>\$ (688,320)</u>	<u>\$ (419,161)</u>	<u>\$ 269,159</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 70,000	\$ 74,926	\$ 4,926
Miscellaneous Revenue		9	9
Interest and Fiscal Charges	(292,192)	(266,341)	25,851
Amortization of Bond Issuance Costs	(18,301)	(18,301)	
Total Nonoperating Revenues (Expenses)	<u>\$ (240,493)</u>	<u>\$ (209,707)</u>	<u>\$ 30,786</u>
Loss Before Transfers	\$ (928,813)	\$ (628,868)	\$ 299,945
Transfers In	<u>850,000</u>	<u>850,000</u>	
Change in Net Assets	\$ (78,813)	\$ 221,132	\$ 299,945
Total Net Assets - Beginning	<u>6,043,808</u>	<u>6,043,808</u>	
Total Net Assets - Ending	<u><u>\$ 5,964,995</u></u>	<u><u>\$ 6,264,940</u></u>	<u><u>\$ 299,945</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - BUDGET AND ACTUAL
ENTERPRISE FUND
MUNICIPAL GOLF COURSE FUND
Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for Services	\$ 1,000,000	\$ 1,164,317	\$ 164,317
OPERATING EXPENSES			
Administration	\$ 776,719	\$ 782,657	\$ (5,938)
Operations	894,863	747,599	147,264
Depreciation	275,000	277,389	(2,389)
Total Operating Expenses	<u>\$ 1,946,582</u>	<u>\$ 1,807,645</u>	<u>\$ 138,937</u>
Operating Loss	<u>\$ (946,582)</u>	<u>\$ (643,328)</u>	<u>\$ 303,254</u>
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous Revenue	\$ 1,500	\$ 2,747	\$ 1,247
Gain on Disposal of Capital Assets	500		(500)
Interest Expense		(4,283)	(4,283)
Total Nonoperating Revenues (Expenses)	<u>\$ 2,000</u>	<u>\$ (1,536)</u>	<u>\$ (3,536)</u>
Change in Net Assets	<u>\$ (944,582)</u>	<u>\$ (644,864)</u>	<u>\$ 299,718</u>
Total Net Assets - Beginning	<u>15,038,416</u>	<u>15,038,416</u>	
Total Net Assets - Ending	<u><u>\$ 14,093,834</u></u>	<u><u>\$ 14,393,552</u></u>	<u><u>\$ 299,718</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - BUDGET AND ACTUAL
ENTERPRISE FUND
SOLID WASTE MANAGEMENT FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services	\$ 3,902,608	\$ 3,902,608	\$ 3,960,361	\$ 57,753
OPERATING EXPENSES				
Administration	\$ 721,495	\$ 721,495	\$ 691,388	\$ 30,107
Operations	3,256,314	3,271,963	3,306,941	(34,978)
Depreciation	65,000	65,000	59,991	5,009
Total Operating Expenses	<u>\$ 4,042,809</u>	<u>\$ 4,058,458</u>	<u>\$ 4,058,320</u>	<u>\$ 138</u>
Operating Loss	<u>\$ (140,201)</u>	<u>\$ (155,850)</u>	<u>\$ (97,959)</u>	<u>\$ 57,891</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 1,000	\$ 1,000	\$	\$ (1,000)
Miscellaneous Revenue	5,000	5,000	1,538	(3,462)
Interest Expense			(138)	(138)
Total Nonoperating Revenues (Expenses)	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 1,400</u>	<u>\$ (4,600)</u>
Change in Net Assets	<u>\$ (134,201)</u>	<u>\$ (149,850)</u>	<u>\$ (96,559)</u>	<u>\$ 53,291</u>
Total Net Assets - Beginning	<u>177,415</u>	<u>177,415</u>	<u>177,415</u>	
Total Net Assets - Ending	<u><u>\$ 43,214</u></u>	<u><u>\$ 27,565</u></u>	<u><u>\$ 80,856</u></u>	<u><u>\$ 53,291</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
Year Ended June 30, 2011

Court Fines

Court Fines Collected	\$ 780,673
Court Fines Retained by City	<u>(780,673)</u>
Court Fines Remitted to State Treasurer	<u><u>\$</u></u>

Court Assessments

Court Assessments Collected	\$ 1,196,701
Court Assessments Retained by City	<u>(88,833)</u>
Court Assessments Remitted to State Treasurer	<u><u>\$ 1,107,868</u></u>

Court Surcharges

Court Surcharges Collected	\$ 70,721
Court Surcharges Retained by City	<u>(70,721)</u>
Court Surcharges Remitted to State Treasurer	<u><u>\$</u></u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 88,833
Court Surcharges Allocated to Victim Services	<u>70,721</u>
Total Funds Allocated to Victim Services	\$ 159,554
Victim Services Expenditures	<u>(267,285)</u>
Funds Available for Carryforward From Year Ended June 30, 2011	\$ (107,731)
Funds Carried Forward From Year Ended June 30, 2010	<u>26,245</u>
Funds Available for Carryforward at June 30, 2011	<u><u>\$ (81,486)</u></u>

STATISTICAL SECTION

This part of the City of Myrtle Beach's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health. Except where noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Financial Trends (Schedules 1 through 5) - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Schedules 6 through 12) - These schedules contain information to help the reader assess the factors affecting the City's ability to generate property taxes and water and sewer charges.

Debt Capacity (Schedules 13 through 17) - 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.

Demographic and Economic Information (Schedules 18 through 19) - 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.

Operating Information (Schedules 20 through 22) - 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.

Schedule 1

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NET ASSETS BY COMPONENT
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2003	2004	2005
Governmental Activities			
Invested in Capital Assets, Net of Related Debt ⁽¹⁾	\$ 16,879,255	\$ 28,513,438	\$ 41,885,142
Restricted	19,544,239	19,990,360	18,832,653
Unrestricted ⁽²⁾	3,206,768	(38,382,577)	(37,813,548)
Total Governmental Activities Net Assets	<u>\$ 39,630,262</u>	<u>\$ 10,121,221</u>	<u>\$ 22,904,247</u>
Business-Type Activities			
Invested in Capital Assets, Net of Related Debt	\$ 103,909,146	\$ 111,130,130	\$ 115,181,644
Restricted	5,039,353	5,038,312	4,230,018
Unrestricted	6,154,981	4,041,601	5,965,513
Total Business-Type Activities Net Assets	<u>\$ 115,103,480</u>	<u>\$ 120,210,043</u>	<u>\$ 125,377,175</u>
Primary Government			
Invested in Capital Assets, Net of Related Debt	\$ 120,788,401	\$ 139,643,568	\$ 157,066,786
Restricted	24,583,592	25,028,672	23,062,671
Unrestricted	9,361,749	(34,340,976)	(31,848,035)
Total Primary Government Net Assets	<u>\$ 154,733,742</u>	<u>\$ 130,331,264</u>	<u>\$ 148,281,422</u>

Notes: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

⁽¹⁾ In 2007, the City implemented the retroactive general infrastructure reporting provisions of GASB Statement 34.

⁽²⁾ In 2004, the City made a \$42,443,983 payment to the Myrtle Beach Convention Center Hotel Corporation, a component unit. The payment was used to extinguish a portion of the component unit's revenue bonds.

UNAUDITED

Fiscal Year

	2006	2007	2008	2009	2010	2011
\$	56,706,374	\$ 82,814,567	\$ 80,637,852	\$ 89,378,581	\$ 100,633,044	\$ 100,702,801
	18,735,355	20,948,781	19,189,175	15,082,475	14,971,016	15,425,677
	(29,804,581)	(20,442,305)	(8,786,494)	(10,704,869)	(11,955,064)	(5,211,110)
\$	<u>45,637,148</u>	<u>\$ 83,321,043</u>	<u>\$ 91,040,533</u>	<u>\$ 93,756,187</u>	<u>\$ 103,648,996</u>	<u>\$ 110,917,368</u>
\$	92,853,491	\$ 111,244,256	\$ 113,617,180	\$ 115,610,693	\$ 120,443,730	\$ 116,137,286
	662,576	690,813	1,149,853	718,588	736,834	760,011
	17,928,546	19,320,470	20,292,291	18,148,941	12,934,193	14,079,646
\$	<u>111,444,613</u>	<u>\$ 131,255,539</u>	<u>\$ 135,059,324</u>	<u>\$ 134,478,222</u>	<u>\$ 134,114,757</u>	<u>\$ 130,976,943</u>
\$	149,559,865	\$ 194,058,823	\$ 194,255,032	\$ 204,989,274	\$ 221,076,774	\$ 216,840,087
	19,397,931	21,639,594	20,339,028	15,801,063	15,707,850	16,185,688
	(11,876,035)	(1,121,835)	11,505,797	7,444,072	979,129	8,868,536
\$	<u>157,081,761</u>	<u>\$ 214,576,582</u>	<u>\$ 226,099,857</u>	<u>\$ 228,234,409</u>	<u>\$ 237,763,753</u>	<u>\$ 241,894,311</u>

Schedule 2

CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN NET ASSETS
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses			
Governmental Activities:			
General Government	\$ 4,764,248	\$ 8,387,703	\$ 10,850,596
Public Safety	21,901,542	22,566,818	23,923,641
Transportation	5,637,597	3,477,051	3,935,585
Community and Economic Development	6,422,729	6,152,280	5,299,484
Culture and Recreation	11,378,138	11,921,985	13,250,600
Public Works	1,067,838	1,110,524	1,210,590
Interest and Fiscal Charges	2,924,096	3,321,684	5,709,771
Total Governmental Activities Expenses	<u>\$ 54,096,188</u>	<u>\$ 56,938,045</u>	<u>\$ 64,180,267</u>
Business-Type Activities:			
Water	\$ 11,096,908	\$ 12,034,998	\$ 11,977,618
Sewer	10,674,427	11,574,612	12,387,391
Baseball Stadium	1,047,153	1,046,460	1,042,756
Municipal Golf Course	1,431,361	1,397,699	1,332,383
Skating Rink	62,483		
Solid Waste Management	2,990,148	3,204,738	3,435,661
Total Business-Type Activities Expenses	<u>\$ 27,302,480</u>	<u>\$ 29,258,507</u>	<u>\$ 30,175,809</u>
Total Primary Government Expenses	<u>\$ 81,398,668</u>	<u>\$ 86,196,552</u>	<u>\$ 94,356,076</u>
Program Revenues ⁽¹⁾			
Governmental Activities:			
Charges for Services	\$ 9,066,917	\$ 10,395,502	\$ 13,901,047
Operating Grants and Contributions	1,110,051	976,751	889,036
Capital Grants and Contributions	5,542,107	10,240,717	10,341,671
Total Governmental Activities Program Revenues	<u>\$ 15,719,075</u>	<u>\$ 21,612,970</u>	<u>\$ 25,131,754</u>
Business-Type Activities:			
Charges for Services	\$ 26,170,598	\$ 27,452,195	\$ 27,914,368
Operating Grants and Contributions			114,119
Capital Grants and Contributions	2,693,331	6,008,065	6,068,800
Total Business-Type Activities Program Revenues	<u>\$ 28,863,929</u>	<u>\$ 33,460,260</u>	<u>\$ 34,097,287</u>
Total Primary Government Program Revenues	<u>\$ 44,583,004</u>	<u>\$ 55,073,230</u>	<u>\$ 59,229,041</u>
Net (Expense) Revenue			
Governmental Activities	\$ (38,377,113)	\$ (35,325,075)	\$ (39,048,513)
Business-Type Activities	1,561,449	4,201,753	3,921,478
Total Primary Government Net Expense	<u>\$ (36,815,664)</u>	<u>\$ (31,123,322)</u>	<u>\$ (35,127,035)</u>

UNAUDITED

		Fiscal Year									
		2006	2007	2008	2009	2010	2011				
\$	8,335,752	\$	9,537,675	\$	11,008,546	\$	12,392,348	\$	12,243,661	\$	11,296,314
	26,163,070		27,214,495		29,125,428		30,868,253		33,225,681		31,177,095
	4,338,760		6,499,966		6,982,818		7,056,526		8,055,196		8,028,096
	6,146,463		6,363,577		7,676,507		9,303,043		21,708,312		26,563,059
	13,985,339		19,588,846		16,316,643		16,791,874		17,593,171		17,676,164
	1,263,193		1,229,671		1,471,987		1,542,924		1,568,038		1,434,430
	5,756,278		7,535,019		8,652,337		8,905,688		9,039,543		9,007,944
\$	<u>65,988,855</u>	\$	<u>77,969,249</u>	\$	<u>81,234,266</u>	\$	<u>86,860,656</u>	\$	<u>103,433,602</u>	\$	<u>105,183,102</u>
\$	11,977,403	\$	12,961,816	\$	13,093,627	\$	12,217,805	\$	12,376,562	\$	12,493,346
	12,539,283		12,761,392		12,794,701		13,285,343		12,434,859		12,382,088
	960,144		922,727		937,873		904,874		761,567		707,597
	1,372,601		1,713,721		1,847,933		1,954,651		1,885,640		1,819,724
	3,495,721		3,584,314		3,606,480		3,598,647		4,092,051		4,048,935
\$	<u>30,345,152</u>	\$	<u>31,943,970</u>	\$	<u>32,280,614</u>	\$	<u>31,961,320</u>	\$	<u>31,550,679</u>	\$	<u>31,451,690</u>
\$	<u>96,334,007</u>	\$	<u>109,913,219</u>	\$	<u>113,514,880</u>	\$	<u>118,821,976</u>	\$	<u>134,984,281</u>	\$	<u>136,634,792</u>
\$	14,932,956	\$	15,540,554	\$	14,428,822	\$	14,641,045	\$	13,808,024	\$	15,251,585
	803,000		3,197,987		751,685		1,282,644		1,578,798		1,347,905
	14,808,105		9,962,742		5,802,135		4,468,548		17,293,904		8,822,685
\$	<u>30,544,061</u>	\$	<u>28,701,283</u>	\$	<u>20,982,642</u>	\$	<u>20,392,237</u>	\$	<u>32,680,726</u>	\$	<u>25,422,175</u>
\$	28,936,831	\$	27,582,007	\$	27,068,070	\$	26,431,642	\$	26,171,502	\$	27,349,428
							39,786				
	6,295,323		5,274,881		8,471,966		4,448,534		4,786,961		1,121,501
\$	<u>35,232,154</u>	\$	<u>32,856,888</u>	\$	<u>35,540,036</u>	\$	<u>30,919,962</u>	\$	<u>30,958,463</u>	\$	<u>28,470,929</u>
\$	<u>65,776,215</u>	\$	<u>61,558,171</u>	\$	<u>56,522,678</u>	\$	<u>51,312,199</u>	\$	<u>63,639,189</u>	\$	<u>53,893,104</u>
\$	(35,444,794)	\$	(49,267,966)	\$	(60,251,624)	\$	(66,468,419)	\$	(70,752,876)	\$	(79,760,927)
	4,887,002		912,918		3,259,422		(1,041,358)		(592,216)		(2,980,761)
\$	<u>(30,557,792)</u>	\$	<u>(48,355,048)</u>	\$	<u>(56,992,202)</u>	\$	<u>(67,509,777)</u>	\$	<u>(71,345,092)</u>	\$	<u>(82,741,688)</u>

Schedule 2 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN NET ASSETS
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2003	2004	2005
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Property Taxes	\$ 15,775,202	\$ 16,491,359	\$ 16,746,337
Local Accommodations Taxes	1,620,514	1,709,878	1,748,313
Business License Taxes	11,832,415	13,158,555	15,405,237
Franchise Taxes	2,374,870	2,382,525	2,520,579
Hospitality Fee Taxes	6,771,948	7,336,273	7,708,776
Local Option Tourism Taxes			
Grants and Contributions not Restricted to Specific Programs	7,213,218	7,499,247	7,973,606
Investment Earnings	508,191	349,655	604,479
Gain on Disposal of Capital Assets	147,123	4,100	
Extraordinary Item - Payment to Component Unit ⁽²⁾		(42,443,983)	
Transfers	(899,212)	(671,575)	(875,788)
Total Governmental Activities	\$ 45,344,269	\$ 5,816,034	\$ 51,831,539
Business-Type Activities:			
Investment Earnings	\$ 299,319	\$ 233,235	\$ 369,866
Special Item - Loss on Sale of Water and Wastewater Plant ⁽³⁾			
Extraordinary Item - Loss on Extinguishment of Debt ⁽⁴⁾			
Transfers	899,212	671,575	875,788
Total Business-Type Activities	\$ 1,198,531	\$ 904,810	\$ 1,245,654
Total Primary Government	\$ 46,542,800	\$ 6,720,844	\$ 53,077,193
Change in Net Assets			
Governmental Activities	\$ 6,967,156	\$ (29,509,041)	\$ 12,783,026
Business-Type Activities	2,759,980	5,106,563	5,167,132
Total Primary Government	\$ 9,727,136	\$ (24,402,478)	\$ 17,950,158

Notes: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

⁽¹⁾ See Schedule 3 for program revenues by function/program.

⁽²⁾ In 2004, the City made a \$42,443,983 payment to the Myrtle Beach Convention Center Hotel Corporation, a component unit. The payment was used to extinguish a portion of the component unit's revenue bonds.

⁽³⁾ In 2006, the City sold its water and wastewater plant, which resulted in an \$18,577,670 loss being recognized.

⁽⁴⁾ In 2006, the City extinguished all of its outstanding Waterworks and Sewer System Revenue Bonds, which resulted in a \$1,844,003 loss being recognized.

UNAUDITED

		Fiscal Year									
		2006	2007	2008	2009	2010	2011				
\$	19,793,135	\$	20,734,404	\$	23,296,800	\$	29,172,569	\$	27,607,156	\$	25,567,159
	1,781,748		1,850,781		1,945,899		1,818,175		1,827,916		2,064,510
	17,585,457		19,610,478		20,026,343		18,016,823		17,149,465		17,516,219
	2,966,514		3,224,468		3,250,404		3,394,445		3,422,821		3,575,049
	8,075,180		8,341,066		8,689,093		8,226,153		8,275,596		9,028,583
									14,195,983		20,440,454
	7,811,218		8,072,328		8,672,736		8,232,659		7,904,766		8,177,320
	1,091,738		2,281,674		1,853,449		478,649		313,682		361,705
	<u>(927,295)</u>		<u>(1,142,346)</u>		<u>236,390</u>		<u>(155,400)</u>		<u>(51,700)</u>		<u>298,300</u>
\$	<u>58,177,695</u>	\$	<u>62,972,853</u>	\$	<u>67,971,114</u>	\$	<u>69,184,073</u>	\$	<u>80,645,685</u>	\$	<u>87,029,299</u>
\$	674,814	\$	1,230,210	\$	780,753	\$	304,856	\$	177,051	\$	141,247
	(18,577,670)										
	(1,844,003)										
	<u>927,295</u>		<u>1,142,346</u>		<u>(236,390)</u>		<u>155,400</u>		<u>51,700</u>		<u>(298,300)</u>
\$	<u>(18,819,564)</u>	\$	<u>2,372,556</u>	\$	<u>544,363</u>	\$	<u>460,256</u>	\$	<u>228,751</u>	\$	<u>(157,053)</u>
\$	<u>39,358,131</u>	\$	<u>65,345,409</u>	\$	<u>68,515,477</u>	\$	<u>69,644,329</u>	\$	<u>80,874,436</u>	\$	<u>86,872,246</u>
\$	22,732,901	\$	13,704,887	\$	7,719,490	\$	2,715,654	\$	9,892,809	\$	7,268,372
	<u>(13,932,562)</u>		<u>3,285,474</u>		<u>3,803,785</u>		<u>(581,102)</u>		<u>(363,465)</u>		<u>(3,137,814)</u>
\$	<u>8,800,339</u>	\$	<u>16,990,361</u>	\$	<u>11,523,275</u>	\$	<u>2,134,552</u>	\$	<u>9,529,344</u>	\$	<u>4,130,558</u>

Schedule 3

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Nine Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year		
	2003	2004	2005
Governmental Activities			
Charges for Services:			
General Government	\$ 90,914	\$ 160,914	\$ 1,873,673
Public Safety	2,661,008	3,081,545	3,069,848
Transportation	2,544,439	2,773,294	1,196,286
Community and Economic Development	1,143,034	1,324,819	2,052,556
Culture and Recreation	2,627,522	3,054,930	5,708,684
Operating Grants and Contributions:			
Public Safety	247,868	112,372	154,764
Transportation	56,510	63,570	109,077
Community and Economic Development	259,157	278,207	226,836
Culture and Recreation	546,516	522,602	398,359
Capital Grants and Contributions:			
General Government	239,088		105,000
Public Safety	55,391	222,031	168,109
Transportation	3,821,671	7,741,061	6,149,033
Community and Economic Development	1,316,572	1,478,138	3,916,649
Culture and Recreation	109,385	799,487	2,880
Total Governmental Activities	\$ 15,719,075	\$ 21,612,970	\$ 25,131,754
Business-Type Activities			
Charges for Services:			
Water	\$ 13,616,685	\$ 14,231,213	\$ 14,257,194
Sewer	8,682,591	9,284,526	9,418,118
Baseball Stadium	25,857	24,548	30,406
Municipal Golf Course	1,134,605	1,014,696	1,159,275
Solid Waste Management	2,710,860	2,897,212	3,049,375
Operating Grants and Contributions:			
Water			13,302
Sewer			13,302
Baseball Stadium			131
Solid Waste Management			87,384
Capital Grants and Contributions:			
Water	1,223,330	3,623,553	3,019,862
Sewer	1,470,001	2,384,512	3,048,938
Total Business-Type Activities	\$ 28,863,929	\$ 33,460,260	\$ 34,097,287
Total Primary Government	\$ 44,583,004	\$ 55,073,230	\$ 59,229,041

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

UNAUDITED

Fiscal Year

	2006	2007	2008	2009	2010	2011
\$	1,946,968	\$ 2,670,293	\$ 2,304,761	\$ 2,847,392	\$ 2,428,261	\$ 2,978,554
	3,031,083	2,525,607	2,419,234	2,576,715	2,533,875	2,127,885
	1,263,102	1,244,736	1,276,761	1,554,391	1,565,710	1,832,000
	2,755,499	2,832,062	1,883,724	1,146,380	838,055	989,939
	5,936,304	6,267,856	6,544,342	6,516,167	6,442,123	7,323,207
	40,716	195,923	225,514	606,341	852,149	753,599
	64,865	86,005	74,170	58,400	57,200	62,900
	187,372	243,492	78,671	293,469	426,249	355,978
	510,047	2,672,567	373,330	324,434	243,200	175,428
	242,675	129,130	79,263		238,477	
	1,962,517	7,449,998	1,569,770	2,826,606	6,649,087	4,724,714
	2,630,616	2,367,176	4,056,658	1,158,694	9,455,094	3,472,003
	9,972,297	16,438	96,444	483,248	951,246	625,968
\$	<u>30,544,061</u>	<u>\$ 28,701,283</u>	<u>\$ 20,982,642</u>	<u>\$ 20,392,237</u>	<u>\$ 32,680,726</u>	<u>\$ 25,422,175</u>
\$	14,687,054	\$ 13,234,314	\$ 12,975,888	\$ 11,998,665	\$ 11,955,128	\$ 12,462,158
	9,754,058	9,664,631	9,150,570	9,458,220	9,392,479	9,725,734
	22,064	23,351	25,315	40,647	30,056	32,573
	1,336,523	1,514,858	1,557,886	1,328,859	1,078,862	1,167,064
	3,137,132	3,144,853	3,358,411	3,605,251	3,714,977	3,961,899
				39,786		
	2,559,116	2,158,556	3,990,773	2,773,106	2,699,330	556,656
	3,736,207	3,116,325	4,481,193	1,675,428	2,087,631	564,845
\$	<u>35,232,154</u>	<u>\$ 32,856,888</u>	<u>\$ 35,540,036</u>	<u>\$ 30,919,962</u>	<u>\$ 30,958,463</u>	<u>\$ 28,470,929</u>
\$	<u>65,776,215</u>	<u>\$ 61,558,171</u>	<u>\$ 56,522,678</u>	<u>\$ 51,312,199</u>	<u>\$ 63,639,189</u>	<u>\$ 53,893,104</u>

Schedule 4

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Nonspendable	\$ 107,329	\$ 94,741	\$ 87,435	\$ 98,485
Restricted	132,750	148,219	473,854	414,190
Assigned	334,510	607,282	345,052	352,010
Unassigned	4,462,403	4,364,964	6,794,255	7,937,053
Total General Fund	<u>\$ 5,036,992</u>	<u>\$ 5,215,206</u>	<u>\$ 7,700,596</u>	<u>\$ 8,801,738</u>
All Other Governmental Funds				
Nonspendable	\$ 1,221,994	\$ 1,112,512	\$ 1,085,494	\$ 1,229,222
Restricted	32,741,568	24,722,057	24,311,408	18,884,832
Assigned	1,922,803	1,723,386	3,631,201	4,729,013
Unassigned	(1,336,224)	(2,802,750)	(1,919,336)	(3,121,216)
Total All Other Governmental Funds	<u>\$ 34,550,141</u>	<u>\$ 24,755,205</u>	<u>\$ 27,108,767</u>	<u>\$ 21,721,851</u>

UNAUDITED

Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 98,454	\$ 111,909	\$ 112,506	\$ 129,478	\$ 134,008	\$ 116,144	
429,689	368,950	339,160	355,234	354,057	443,940	
367,029	387,112	403,244	658,806	410,202	411,724	
8,370,090	11,025,243	11,327,195	9,446,434	7,067,216	7,664,002	
<u>\$ 9,265,262</u>	<u>\$ 11,893,214</u>	<u>\$ 12,182,105</u>	<u>\$ 10,589,952</u>	<u>\$ 7,965,483</u>	<u>\$ 8,635,810</u>	
\$ 1,186,174	\$ 1,136,861	\$ 1,090,907	\$ 836,468	\$ 781,858	\$ 722,066	
22,877,031	39,092,890	25,128,547	18,175,290	19,332,009	27,003,280	
8,409,694	4,451,785	13,612,743	13,494,243	12,579,733	15,124,193	
(3,650,561)	(779,899)	(937,228)	(3,087,400)	(1,661,318)	(2,349,160)	
<u>\$ 28,822,338</u>	<u>\$ 43,901,637</u>	<u>\$ 38,894,969</u>	<u>\$ 29,418,601</u>	<u>\$ 31,032,282</u>	<u>\$ 40,500,379</u>	

Schedule 5

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year			
	2002	2003	2004	2005
Revenues				
Property Taxes	\$ 15,535,331	\$ 15,943,052	\$ 16,551,980	\$ 16,857,489
Local Accommodations Taxes	421,712	1,615,896	1,715,805	1,750,012
Hospitality Fees	6,668,179	6,767,640	7,334,838	7,716,371
Storm Water Fees	1,083,956	1,055,727	1,128,407	1,184,488
Local Option Tourism Fees				
Licenses and Permits	14,496,531	15,284,365	16,809,981	19,920,457
Fines and Forfeitures	1,946,785	1,924,562	2,250,250	2,344,080
Intergovernmental	8,405,801	9,829,233	9,729,686	11,200,217
Charges for Services	3,176,665	3,142,227	3,213,206	3,497,092
Miscellaneous	2,463,923	2,618,212	3,837,285	4,192,709
Total Revenues	<u>\$ 54,198,883</u>	<u>\$ 58,180,914</u>	<u>\$ 62,571,438</u>	<u>\$ 68,662,915</u>
Expenditures				
Current:				
General Government	\$ 4,168,308	\$ 4,526,805	\$ 7,947,348	\$ 7,282,506
Public Safety	20,187,425	21,109,151	21,940,883	23,170,735
Transportation	2,621,063	5,496,199	3,007,219	3,078,302
Community and Economic Development	4,031,191	6,284,247	5,971,795	4,948,187
Culture and Recreation	9,835,411	9,990,249	10,524,012	11,569,589
Public Works	1,025,378	1,044,962	1,074,709	1,148,640
Hurricane Preparedness	22,422			
Capital Outlay	13,920,742	15,699,085	15,726,835	15,291,296
Debt Service:				
Principal	2,946,817	2,723,822	3,325,601	3,882,363
Interest and Fiscal Charges	2,110,265	2,512,114	2,499,941	5,436,004
Bond Issuance Costs	231,497	299,776	1,869,131	130,301
Payment to Escrow Agent		1,843,872	361,493	
Total Expenditures	<u>\$ 61,100,519</u>	<u>\$ 71,530,282</u>	<u>\$ 74,248,967</u>	<u>\$ 75,937,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (6,901,636)</u>	<u>\$ (13,349,368)</u>	<u>\$ (11,677,529)</u>	<u>\$ (7,275,008)</u>
Other Financing Sources (Uses)				
Transfers In	\$ 15,386,569	\$ 19,422,082	\$ 21,386,430	\$ 19,871,393
Transfers Out	(14,934,015)	(20,321,294)	(22,358,005)	(20,747,181)
Proceeds From Borrowing	13,749,783	4,112,569	59,882,006	3,865,022
Proceeds From Refunding		6,628,855	4,821,230	
Payment to Escrow Agent		(6,463,232)	(4,775,297)	
Sale of Capital Assets	103,689	147,123	4,100	
Total Other Financing Sources (Uses)	<u>\$ 14,306,026</u>	<u>\$ 3,526,103</u>	<u>\$ 58,960,464</u>	<u>\$ 2,989,234</u>

UNAUDITED

Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 19,673,810	\$ 20,746,700	\$ 23,216,684	\$ 29,015,342	\$ 27,416,733	\$ 25,551,735	
1,781,272	1,850,628	1,946,018	1,813,785	1,832,395	2,065,000	
8,074,246	8,348,376	8,678,672	8,222,570	8,283,197	9,023,986	
1,211,924	1,250,928	1,276,753	1,552,585	1,569,986	1,836,316	
				14,195,983	20,440,454	
23,188,731	25,518,446	25,070,983	22,323,790	21,228,785	21,898,534	
2,282,006	1,762,358	1,623,642	1,851,103	1,841,296	1,345,154	
17,817,520	15,100,856	11,300,877	11,655,581	14,148,733	12,062,703	
3,846,763	4,033,761	4,313,817	4,493,502	4,448,104	4,738,294	
5,186,358	6,870,075	7,688,050	4,271,439	11,929,100	7,294,945	
<u>\$ 83,062,630</u>	<u>\$ 85,482,128</u>	<u>\$ 85,115,496</u>	<u>\$ 85,199,697</u>	<u>\$ 106,894,312</u>	<u>\$ 106,257,121</u>	
\$ 9,555,366	\$ 9,696,471	\$ 12,465,011	\$ 12,949,430	\$ 12,402,953	\$ 12,278,801	
25,409,173	26,431,765	27,845,760	30,229,155	30,753,182	29,269,778	
3,334,165	3,768,054	4,238,826	4,388,767	5,107,803	4,812,339	
5,767,752	5,800,482	6,622,112	7,070,253	19,257,564	23,703,541	
12,177,294	17,717,319	14,566,336	15,085,928	14,843,882	14,940,894	
1,222,358	1,215,074	1,418,502	1,536,728	1,477,446	1,382,108	
27,117,413	25,249,606	26,681,432	14,205,845	23,560,905	6,240,529	
4,468,925	3,909,406	4,444,163	6,952,501	5,242,898	4,765,145	
5,196,919	6,594,514	7,567,295	8,158,842	7,887,970	8,105,283	
241,372	1,459,150	302,618		416,512	40,728	
				1,367,000		
<u>\$ 94,490,737</u>	<u>\$ 101,841,841</u>	<u>\$ 106,152,055</u>	<u>\$ 100,577,449</u>	<u>\$ 122,318,115</u>	<u>\$ 105,539,146</u>	
<u>\$ (11,428,107)</u>	<u>\$ (16,359,713)</u>	<u>\$ (21,036,559)</u>	<u>\$ (15,377,752)</u>	<u>\$ (15,423,803)</u>	<u>\$ 717,975</u>	
\$ 21,959,087	\$ 24,997,275	\$ 21,143,338	\$ 21,526,309	\$ 22,411,692	\$ 20,010,406	
(22,886,382)	(26,139,621)	(20,906,948)	(21,681,709)	(22,463,392)	(19,712,106)	
19,919,413	35,209,310	16,082,392	4,437,440	14,234,034	9,108,923	
				10,037,469		
				(9,820,624)		
			27,191	13,836	13,226	
<u>\$ 18,992,118</u>	<u>\$ 34,066,964</u>	<u>\$ 16,318,782</u>	<u>\$ 4,309,231</u>	<u>\$ 14,413,015</u>	<u>\$ 9,420,449</u>	

Schedule 5 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year			
	2002	2003	2004	2005
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 7,404,390	\$ (9,823,265)	\$ 47,282,935	\$ (4,285,774)
Extraordinary Item Payment to Component Unit ⁽¹⁾			(42,443,983)	
Net Change in Fund Balances	\$ 7,404,390	\$ (9,823,265)	\$ 4,838,952	\$ (4,285,774)
Debt Service as a Percentage of Noncapital Expenditures ⁽²⁾	<u>10.72%</u>	<u>9.38%</u>	<u>9.95%</u>	<u>15.37%</u>

Notes:

⁽¹⁾ In 2004, the City made a \$42,443,983 payment to the Myrtle Beach Convention Center Hotel Corporation, a component unit. The payment was used to extinguish a portion of the component unit's revenue bonds.

⁽²⁾ Debt service does not include bond issuance costs and payments to escrow agents.

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Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 7,564,011	\$ 17,707,251	\$ (4,717,777)	\$ (11,068,521)	\$ (1,010,788)	10,138,424	
<u>\$ 7,564,011</u>	<u>\$ 17,707,251</u>	<u>\$ (4,717,777)</u>	<u>\$ (11,068,521)</u>	<u>\$ (1,010,788)</u>	<u>10,138,424</u>	
<u>14.35%</u>	<u>13.71%</u>	<u>15.11%</u>	<u>17.50%</u>	<u>13.30%</u>	<u>12.96%</u>	

Schedule 6

CITY OF MYRTLE BEACH, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Stated in Thousands of Dollars)

Fiscal Year	Assessed Value			Total Direct Tax Rate	Estimated Actual Value	Total Assessed Value as a Percentage of Estimated Actual Value
	Real Property	Personal Property	Total			
2002	\$ 175,305	\$ 62,067	\$ 237,372	\$ 63.25	\$ 4,747,445	5 %
2003	184,869	57,520	242,389	63.20	4,847,772	5
2004	192,487	55,857	248,344	63.20	4,966,876	5
2005	191,745	54,908	246,653	63.20	4,933,078	5
2006	224,807	53,796	278,603	61.40	5,655,000	5
2007	250,165	55,929	306,094	61.40	6,121,899	5
2008	321,477	60,927	382,404	61.40	7,648,099	5
2009	362,622	64,650	427,272	64.40	8,650,440	5
2010	388,933	58,741	447,674	62.90	8,953,480	5
2011	320,393	49,924	370,317	64.40	7,406,340	5

Source: Horry County Assessor's Office

Note: Tax rates are per \$1,000 of assessed value.

UNAUDITED

Schedule 7

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Rate per \$1,000 of Assessed Value)**

Fiscal Year	City Direct Rates				Overlapping Rates		
	Basic Rate	Debt Service	Convention Center	Total Direct Rate	Horry County	Horry County School District	HC Higher Education Commission
2002	\$ 53.83	\$ 5.92	\$ 3.50	\$ 63.25	\$ 50.20	\$ 124.90	\$ 0.70
2003	53.70	6.00	3.50	63.20	50.20	124.90	0.70
2004	53.70	6.00	3.50	63.20	50.20	129.70	0.70
2005	53.70	6.00	3.50	63.20	50.20	130.40	0.70
2006	50.70	7.30	3.40	61.40	45.60	129.70	0.70
2007	50.70	7.30	3.40	61.40	46.30	135.30	0.70
2008	50.70	7.30	3.40	61.40	46.60	143.30	0.70
2009	53.70	7.30	3.40	64.40	46.60	143.30	0.70
2010	52.20	7.30	3.40	62.90	46.60	143.30	0.70
2011	53.70	7.30	3.40	64.40	44.20	132.20	0.70

Source: Horry County Treasurer

UNAUDITED

Schedule 8

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago**

Taxpayer	Type of Business	Fiscal Year 2011	
		Assessed Value	Percentage of Total Assessed Value
Burroughs & Chapin, Inc. ⁽¹⁾	Real Estate, Retail & Amusement	\$ 28,986,881	7.83 %
Marriott Ownership Resort, Inc.	Real Estate & Accommodations	4,018,488	1.09
Grand Strand Regional Medical Center	Hospital	3,483,890	0.94
Westgate Myrtle Beach, LLC	Real Estate & Accommodations	3,194,358	0.86
Anderson Ocean Club Dev., LLC	Real Estate & Accommodations	2,956,996	0.80
DJEWL, LLC	Real Estate & Accommodations	2,417,136	0.65
Luk-MB1, LLC	Real Estate Developers	2,279,850	0.62
Coastal Grand, LLC	Retail	2,229,426	0.60
Dunes Village Properties, LLC	Real Estate & Accommodations	2,037,720	0.55
		<u>\$ 51,604,745</u>	<u>13.94 %</u>

Taxpayer	Type of Business	Fiscal Year 2002	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developers	\$ 15,055,554	6.34 %
AVX Corporation	Manufacturer	7,162,900	3.02
GTE South	Utility	4,438,054	1.87
Broadway at the Beach, Inc.	Retail, Restaurants & Amusement	4,133,804	1.74
Grand Strand Regional Medical Center	Hospital	3,101,176	1.31
Patricia Grand Resort Hotel, LLC	Real Estate & Accommodations	2,046,986	0.86
Landmark Associates	Real Estate & Accommodations	1,994,620	0.84
Sea Mist Association	Real Estate & Accommodations	1,985,233	0.84
Coral Beach Resort	Real Estate & Accommodations	1,166,660	0.49
Ocean Front Investors, Inc.	Real Estate & Accommodations	972,330	0.41
		<u>\$ 42,057,317</u>	<u>17.72 %</u>

Source: Horry County Assessor's Office

Note:

⁽¹⁾ Data for Burroughs & Chapin, Inc. includes Myrtle Beach Farms, Broadway at the Beach and Grande Dunes.

UNAUDITED

Schedule 9

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 14,353,771	\$ 13,872,611	96.65 %	\$ 481,160	\$ 14,353,771	100.00 %
2003	13,788,043	13,322,811	96.63	362,822	13,685,633	99.26
2004	15,762,201	15,161,238	96.19	485,593	15,646,831	99.27
2005	16,659,469	16,110,868	96.71	417,443	16,528,311	99.21
2006	17,628,711	16,527,735	93.75	944,394	17,472,129	99.11
2007	19,264,168	18,259,999	94.79	810,165	19,070,164	98.99
2008	21,635,598	20,712,013	95.73	647,278	21,359,291	98.72
2009	26,604,821	24,606,550	92.49	1,421,468	26,028,018	97.83
2010	27,181,243	26,620,334	97.94	1,382,660	26,620,334	97.94
2011	26,980,822	25,473,303	94.41		25,473,303	94.41

Sources: Horry County Treasurer and City Finance Department

Notes: This schedule includes data for all real and personal property other than vehicles.

⁽¹⁾ Taxes levied includes the original tax levy adjusted by additional tax levies and all abatements.

UNAUDITED

Schedule 10

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
WATER AND SEWER GALLONS AND NUMBER OF CUSTOMERS
Last Ten Fiscal Years**

Fiscal Year	Water				Sewer Gallons Billed	Number of Customers
	Gallons Produced / Purchased ⁽¹⁾	Gallons Billed	Gallons Unbilled	Percentage Billed		
2002	5,481,775	5,082,671	399,104	92.72 %	2,951,937	14,209
2003	5,262,777	5,256,724	6,053	99.88	2,933,715	14,631
2004	5,487,493	4,964,894	522,599	90.48	3,401,650	14,419
2005	5,577,940	5,015,733	562,207	89.92	3,172,031	15,123
2006	5,734,843	4,864,647	870,196	84.83	3,035,386	15,725
2007	5,178,597	3,852,401	1,326,196	74.39	3,003,553	16,778
2008	5,410,470	3,794,090	1,616,380	70.12	2,978,891	17,012
2009	4,803,692	3,556,891	1,246,801	74.04	2,868,466	16,579
2010	4,371,075	3,582,817	788,258	81.97	2,841,570	16,087
2011	4,379,003	3,670,280	708,723	83.82	2,910,581	16,054

Source: City Water and Sewer Department

Notes: Gallons are presented in thousands.

⁽¹⁾ On June 30, 2006, the City sold its water and wastewater plant. The City is now purchasing wholesale water and wastewater treatment service from Grand Strand Water and Sewer Authority.

⁽²⁾ The water and sewer base rates are for 3/4" - 5/8" meters inside the City limits. See Schedule 11 for other rates.

⁽³⁾ The water and sewer usage rates are per 1,000 gallons for usage between 5,000 to 30,000 gallons inside the City limits. See Schedule 11 for other rates.

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Total Direct Rate

Water		Sewer	
Base Rate ⁽²⁾	Usage Rate ⁽³⁾	Base Rate ⁽²⁾	Usage Rate ⁽³⁾
\$ 9.24	\$ 2.31	\$ 8.76	\$ 2.19
9.60	2.40	8.96	2.24
9.92	2.48	9.36	2.34
10.08	2.52	9.52	2.38
10.08	2.52	9.52	2.38
2.43	2.56	2.41	2.34
2.43	2.56	2.41	2.34
2.43	2.56	2.60	2.53
2.43	2.56	2.60	2.53
2.43	2.56	2.60	2.53

Schedule 11

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
WATER AND SEWER RATES
Last Ten Fiscal Years**

	Fiscal Year			
	2002	2003	2004	2005
Water Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	\$ 9.24	\$ 9.60	\$ 9.92	\$ 10.08
1"	18.48	19.20	19.84	20.16
1 1/2"	34.65	36.00	37.20	37.80
2"	46.20	48.00	49.60	50.39
3"	115.50	120.00	124.00	125.98
4"	231.00	240.00	248.00	251.97
6"	693.00	720.00	744.00	755.90
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	2.31	2.40	2.48	2.52
5,000 to 30,000 gallons	2.31	2.40	2.48	2.52
31,000 gallons and over	2.31	2.40	2.48	2.52
Water Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	18.48	19.20	19.84	20.16
1"	36.96	38.40	39.68	40.32
1 1/2"	69.30	72.00	74.40	75.60
2"	92.40	96.00	99.20	100.80
3"	231.00	240.00	248.00	252.00
4"	462.00	480.00	496.00	504.00
6"	1,386.00	1,440.00	1,488.00	1,512.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	4.62	4.80	4.96	5.04
5,000 to 30,000 gallons	4.62	4.80	4.96	5.04
31,000 gallons and over	4.62	4.80	4.96	5.04
Sewer Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	8.76	8.96	9.36	9.52
1"	17.52	17.92	18.72	19.02
1 1/2"	32.85	33.60	35.10	35.66
2"	43.80	44.80	46.80	47.55
3"	109.50	112.00	117.00	118.87
4"	219.00	224.00	234.00	237.74
6"	657.00	672.00	702.00	713.23
Usage Rate (<i>per 1,000 gallons</i>)				
	2.19	2.24	2.34	2.38
Sewer Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	17.52	17.92	18.72	19.04
1"	35.04	35.84	37.44	38.08
1 1/2"	65.70	67.20	70.20	71.40
2"	87.60	89.60	93.60	95.20
3"	219.00	224.00	234.00	238.00
4"	438.00	448.00	468.00	476.00
6"	1,314.00	1,344.00	1,404.00	1,428.00
Usage Rate (<i>per 1,000 gallons</i>)				
	4.38	4.48	4.68	4.76

Source: City Water and Sewer Department

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Fiscal Year

	2006	2007	2008	2009	2010	2011
\$	10.08	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43
	20.16	4.05	4.05	4.05	4.05	4.05
	37.80	8.10	8.10	8.10	8.10	8.10
	50.39	12.96	12.96	12.96	12.96	12.96
	125.98	28.35	28.35	28.35	28.35	28.35
	251.97	40.50	40.50	40.50	40.50	40.50
	755.90	81.00	81.00	81.00	81.00	81.00
	2.52	1.35	1.35	1.35	1.35	1.35
	2.52	2.56	2.56	2.56	2.56	2.56
	2.52	2.89	2.89	2.89	2.89	2.89
	20.16	4.86	4.86	4.86	4.86	4.86
	40.32	8.10	8.10	8.10	8.10	8.10
	75.60	16.20	16.20	16.20	16.20	16.20
	100.80	25.92	25.92	25.92	25.92	25.92
	252.00	56.70	56.70	56.70	56.70	56.70
	504.00	81.00	81.00	81.00	81.00	81.00
	1,512.00	162.00	162.00	162.00	162.00	162.00
	5.04	2.70	2.70	2.70	2.70	2.70
	5.04	5.12	5.12	5.12	5.12	5.12
	5.04	5.78	5.78	5.78	5.78	5.78
	9.52	2.41	2.41	2.60	2.60	2.60
	19.02	4.02	4.02	4.34	4.34	4.34
	35.66	8.03	8.03	8.67	8.67	8.67
	47.55	12.85	12.85	13.88	13.88	13.88
	118.87	28.12	28.12	30.37	30.37	30.37
	237.74	40.17	40.17	43.38	43.38	43.38
	713.23	80.33	80.33	86.76	86.76	86.76
	2.38	2.34	2.34	2.53	2.53	2.53
	19.04	4.82	4.82	5.20	5.20	5.20
	38.08	8.04	8.04	8.68	8.68	8.68
	71.40	16.06	16.06	17.34	17.34	17.34
	95.20	25.70	25.70	27.76	27.76	27.76
	238.00	56.24	56.24	60.74	60.74	60.74
	476.00	80.34	80.34	86.76	86.76	86.76
	1,428.00	160.66	160.66	173.52	173.52	173.52
	4.76	4.68	4.68	5.06	5.06	5.06

Schedule 12

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL WATER AND SEWER CUSTOMERS
Current Year and Nine Years Ago**

Customer	Fiscal Year 2011			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
Felcor-Hilton	\$ 273,250	2.32 %	\$ 207,847	2.17 %
Myrtle Beach Travel Park	204,652	1.73	179,659	1.88
Seawatch Plantation	161,289	1.37	136,678	1.43
Sands Properties Homeowners 1&2	120,431	1.02	114,920	1.20
Dunes Village	101,776	0.86	89,319	0.93
Grand Strand Regional Medical Center	95,186	0.81	72,648	0.76
The Margate Tower	85,584	0.73	75,180	0.79
Mariott Grand Dunes	83,870	0.71	63,518	0.66
Apache Family Campground	81,538	0.69	71,881	0.75
Maison Sur Mer	80,063	0.68	51,529	0.54
	<u>\$ 1,287,639</u>	<u>10.92 %</u>	<u>\$ 1,063,179</u>	<u>11.11 %</u>

Customer	Fiscal Year 2002			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
City of North Myrtle Beach	\$ 2,126,453	17.18 %	\$	%
Felcor-Hilton	152,802	1.23	137,912	1.64
Myrtle Beach Travel Park	157,494	1.27	150,234	1.79
Wyndham Myrtle Beach Resort	143,866	1.16	100,372	1.20
Seawatch Plantation	123,587	1.00	113,749	1.36
Sands Property Homeowners 1&2	119,818	0.97	111,883	1.33
AVX Corporation	117,560	0.95	94,581	1.13
Grand Strand Regional Medical Center	75,522	0.61	59,692	0.71
Coral Beach	72,397	0.58	52,985	0.63
Apache Family Campground	71,658	0.58	68,328	0.81
Sands Beach Club II			65,220	0.78
	<u>\$ 3,161,157</u>	<u>25.53 %</u>	<u>\$ 954,956</u>	<u>11.38 %</u>

Source: City Water and Sewer Department

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Schedule 13

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Certificates of Participation	Tax Increment Revenue Bonds	Storm Water Revenue Bonds	Hospitality Fee Revenue Bonds	Note Payable	Capital Lease Obligations
2002	\$ 26,115,000	\$ 18,505,000	\$ 8,195,000	\$	\$	\$	\$ 78,501
2003	24,515,000	21,815,000	6,200,000				3,469,534
2004	34,220,000	20,825,000	5,370,000		49,660,000		3,145,437
2005	32,400,000	19,790,000	4,370,000	3,115,022	49,660,000		4,526,482
2006	42,365,000	18,715,000	3,345,000	7,788,768	49,660,000	2,897,500	3,947,635
2007	40,795,000	17,600,000	34,870,345	10,499,052	49,660,000	2,897,500	3,334,603
2008	51,460,000	16,430,000	37,307,882	10,119,706	49,660,000	2,897,500	6,761,379
2009	48,135,000	15,210,000	39,584,835	9,727,881	49,660,000	2,897,500	4,978,682
2010	45,780,000	12,840,000	50,434,821	12,053,225	49,660,000	1,947,500	5,087,663
2011	43,325,000	12,660,000	58,952,603	11,528,152	49,105,000	1,847,500	4,218,420

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See Schedule 18 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income ⁽¹⁾</u>	<u>Per Capita ⁽¹⁾</u>
<u>Water and Sewer Revenue Bonds</u>	<u>Certificates of Participation</u>			
\$ 51,383,279	\$ 9,250,000	\$ 113,526,780	14.35 %	\$ 3,680
49,575,959	8,875,000	114,450,493	14.23	3,710
46,372,299	8,485,000	168,077,736	20.42	5,448
41,568,571	8,075,000	163,505,075	18.99	5,300
	7,650,000	136,368,903	15.13	4,420
	7,205,000	166,861,500	17.49	5,408
11,710,000	6,745,000	193,091,467	19.60	6,259
11,710,000	6,265,000	188,168,898	18.77	6,099
11,710,000	5,760,000	195,273,209	19.90	6,329
11,260,000	5,235,000	198,131,675	25.11	7,309

Schedule 14

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years**

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	Debt Service Funds Available	Net General Bonded Debt		
2002	\$ 26,115,000	\$ 442,469	\$ 25,672,531	0.54 %	\$ 832
2003	24,515,000	589,117	23,925,883	0.49	776
2004	34,220,000	828,308	33,391,692	0.67	1,082
2005	32,400,000	546,585	31,853,415	0.65	1,032
2006	42,365,000	998,652	41,366,348	0.73	1,341
2007	40,795,000	1,752,836	39,042,164	0.64	1,265
2008	51,460,000	2,953,599	48,506,401	0.63	1,572
2009	48,135,000	884,164	47,250,836	0.55	1,531
2010	45,780,000	2,093,066	43,686,934	0.49	1,416
2011	43,325,000	4,224,209	39,100,791	0.53	1,442

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See Schedule 6 for property value data.

⁽²⁾ See Schedule 18 for population data.

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Schedule 15

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2011**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt and Direct Debt</u>
Overlapping Governmental Activities Debt			
Horry County:			
General Obligation Bonds	\$ 114,797,000	22.0%	\$ 25,255,340
Horry County School District:			
General Obligation Bonds	386,305,000	22.0%	<u>84,987,100</u>
Total Overlapping Governmental Activities Debt			\$ 110,242,440
City Direct Governmental Activities Debt			<u>181,636,675</u>
Total Direct and Overlapping Governmental Activities Debt			\$ <u><u>291,879,115</u></u>

Sources: Debt outstanding data provided by the Horry County Finance Department and the Horry County School District Finance Department

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

⁽¹⁾ The percentage of overlapping debt applicable is estimated based on the percentage of assessed valuation of property located in the City.

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Schedule 16

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt Limit	\$ 19,262,342	\$ 19,663,652	\$ 20,140,066	\$ 20,004,876
Total Net Debt Applicable to Debt Limit	<u>(14,945,000)</u>	<u>(13,595,000)</u>	<u>(12,365,000)</u>	<u>(10,820,000)</u>
Legal Debt Margin	\$ <u>4,317,342</u>	\$ <u>6,068,652</u>	\$ <u>7,775,066</u>	\$ <u>9,184,876</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>77.59%</u>	<u>69.14%</u>	<u>61.40%</u>	<u>54.09%</u>

Note: Article Ten, Section Fourteen of the South Carolina Constitution of 1895 as amended provides that a City or Town shall incur general obligation debt over the eight percent limit when approved by a majority vote of the qualified electors of the political subdivision voting in a referendum authorized by law. There shall be no conditions or restrictions limiting the incurring of such indebtedness except:

- a. those restrictions and limitations imposed in the authorization to incur such indebtedness,
- b. the provisions of Article Ten, Section Fourteen and
- c. such general obligation debt shall be issued within five years of the date of such referendum and shall mature within forty years from the time such indebtedness shall be incurred.

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Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 22,560,818	\$ 30,864,883	\$ 30,864,883	\$ 34,454,323	\$ 36,086,483	\$ 29,897,923
<u>(11,705,000)</u>	<u>(10,750,000)</u>	<u>(22,050,000)</u>	<u>(19,635,000)</u>	<u>(18,230,000)</u>	<u>(16,760,000)</u>
<u>\$ 10,855,818</u>	<u>\$ 20,114,883</u>	<u>\$ 8,814,883</u>	<u>\$ 14,819,323</u>	<u>\$ 17,856,483</u>	<u>\$ 13,137,923</u>
<u>51.88%</u>	<u>34.83%</u>	<u>71.44%</u>	<u>56.99%</u>	<u>50.52%</u>	<u>56.06%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 370,317,000
Exempt Merchants Inventory (1987 Valuation)	3,407,035
Adjusted Assessed Value of Taxable Property	<u>\$ 373,724,035</u>

Debt Limit (8.0% of Adjusted Assessed Value) \$ 29,897,923

Debt Applicable to Limit:

General Obligation Bonds	(43,325,000)
Bonds Issued Under Referendum	<u>26,565,000</u>

Legal Debt Margin \$ 13,137,923

Schedule 17

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years**

Fiscal Year	Water and Sewer Revenue Bonds						
	Operating Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2002	\$ 22,662,836	\$ 11,461,140	\$ 11,201,696	\$ 4,205,000	\$ 2,244,180	1.74	
2003	25,208,710	12,556,276	12,652,434	4,760,233	2,021,117	1.87	
2004	25,385,506	13,761,641	11,623,865	5,198,692	2,324,444	1.55	
2005	27,078,842	13,284,569	13,794,273	5,418,555	2,113,443	1.83	
2006	28,930,884	13,510,646	15,420,238	2,394,844	2,113,118	3.42	
2007	25,601,227	19,834,291	5,766,936	0	0	N/A	
2008	24,345,555	20,869,473	3,476,082	0	101,273	34.32	
2009	21,826,203	21,160,184	666,019	0	506,363	1.32	
2010	21,819,786	19,917,775	1,902,011	0	506,362	3.76	
2011	22,839,515	19,906,533	2,932,982	450,000	506,362	3.07	

Fiscal Year	Hospitality Fee Revenue Bonds ⁽³⁾				
	Hospitality Fees	Debt Service		Coverage	
		Principal	Interest		
2004	\$ 7,334,838	\$ 0	\$ 0	N/A	
2005	7,716,371	0	2,658,451	2.90	
2006	8,074,246	0	2,545,325	3.17	
2007	8,348,376	0	2,545,325	3.28	
2008	8,678,672	0	2,545,325	3.41	
2009	8,222,570	0	2,545,325	3.23	
2010	8,283,197	0	2,545,325	3.25	
2011	9,023,986	555,000	2,545,325	2.91	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Operating revenues include impact fee capital contributions and unrestricted interest earnings.

⁽²⁾ Operating expenses do not include depreciation or the indirect cost transfer from the General Fund.

⁽³⁾ The City's hospitality fee revenue bonds were issued in 2004.

⁽⁴⁾ The City's storm water revenue bonds were first issued in 2005.

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Tax Increment Revenue Bonds

	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
\$	1,926,599	\$ 900,000	\$ 505,504	1.37
	1,982,262	945,000	457,623	1.41
	2,020,411	830,000	254,150	1.86
	2,020,451	1,000,000	237,550	1.63
	2,317,492	1,025,000	197,550	1.90
	2,136,089	1,070,000	887,562	1.09
	2,318,289	1,110,000	1,738,220	0.81
	5,210,870	1,165,000	1,682,720	1.83
	3,601,569	0	1,851,153	1.95
	4,210,980	580,000	2,516,563	1.36

Storm Water Revenue Bonds ⁽⁴⁾

	Storm Water Fees	Debt Service		Coverage
		Principal	Interest	
\$	\$	\$		
	1,184,488	0	0	N/A
	1,211,924	0	0	N/A
	1,250,928	0	436,924	2.86
	1,276,753	379,346	336,627	1.78
	1,552,585	391,825	324,147	2.17
	1,569,986	436,895	325,276	2.06
	1,836,316	536,214	338,566	2.10

Schedule 18

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Personal Income (Thousands of Dollars)</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2001	30,852	\$ 25,648	\$ 791,292	35.8	4.86 %
2002	30,852	26,069	804,280	36.0	5.48
2003	30,852	26,684	823,254	36.2	4.64
2004	30,852	27,903	860,863	36.4	6.00
2005	30,852	29,223	901,587	36.7	5.30
2006	30,852	30,927	954,159	36.9	5.40
2007	30,852	31,925	984,950	37.1	5.20
2008	30,852	32,495	1,002,535	37.4	5.80
2009	30,852	31,799	981,062	37.6	9.56
2010	27,109	29,101	788,899	37.9	11.36

Sources: Myrtle Beach and South Carolina Grand Strand Demographic Profile, South Carolina Statistical Abstract, Places Rated Almanac, the South Carolina Employment Security Commission, U.S. Dept. of Commerce Bureau of Economic Analysis and the U.S. Census Bureau

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Schedule 19

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

Employer	Type of Business	Calendar Year 2010	
		Employees	Percentage of Total County Employment
Horry County School District	Education	4,870	3.78 %
Wal-Mart	Retail Sales	2,061	1.60
Horry County Government	County Government	1,913	1.49
Grand Strand Regional Medical Center	Hospital	1,200	0.93
Conway Hospital	Hospital	1,150	0.89
Coastal Carolina University	Education	1,057	0.82
Myrtle Beach National	Golf Courses and Accommodations	980	0.76
City of Myrtle Beach	Municipal Government	969	0.75
Loris Community Hospital	Hospital	900	0.70
Blue Cross/Blue Shield	Health Insurance	827	0.64
		<u>15,927</u>	<u>12.36 %</u>

Employer	Type of Business	Calendar Year 2001	
		Employees	Percentage of Total County Employment
Horry County School District	Education	4,000	3.92 %
Wal-Mart	Retail Sales	1,885	1.85
Burroughs & Chapin	Real Estate Developer & Amusements	1,824	1.79
AVX Corporation	Manufacturer	1,290	1.26
Horry County Government	County Government	1,461	1.43
Myrtle Beach National	Golf Courses and Accommodations	1,000	0.98
Conway Hospital	Hospital	1,000	0.98
Blue Cross/Blue Shield	Health Insurance	1,000	0.98
Grand Strand Regional Medical Center	Hospital	970	0.95
Coastal Carolina University	Education	909	0.89
Verizon	Communications Utility	891	0.87
		<u>16,230</u>	<u>15.90 %</u>

Sources: Myrtle Beach Regional Economic Development Corporation, Myrtle Beach Area Chamber of Commerce, the South Carolina Industrial Directory and the South Carolina Employment Security Commission

Note: This schedule presents the principal employers in Horry County, South Carolina. Information for the City of Myrtle Beach was not available.

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Schedule 20

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

	As of June 30,			
	2002	2003	2004	2005
Full-Time Equivalent Employees				
General Government	70	68	70	71
Public Safety	353	361	362	385
Transportation	28	26	26	26
Community and Economic Development	26	26	26	27
Culture and Recreation	117	125	127	136
Public Works	27	27	27	27
Water	51	51	52	52
Sewer	57	56	56	56
Municipal Golf Course	16	16	15	15
Solid Waste Management	30	30	30	30
Total Full-Time Equivalent Employees	<u>775</u>	<u>786</u>	<u>791</u>	<u>825</u>

Source: City Finance Department

Note: Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

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As of June 30,

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
72	76	87	90	89	89
395	400	400	426	422	410
27	25	25	25	26	27
30	29	29	29	27	28
136	134	137	144	136	139
27	27	30	26	25	23
52	31	30	27	29	29
56	32	27	27	26	26
15	14	14	16	15	13
<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
<u><u>840</u></u>	<u><u>798</u></u>	<u><u>809</u></u>	<u><u>840</u></u>	<u><u>825</u></u>	<u><u>814</u></u>

Schedule 21

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

	Fiscal Year			
	2002	2003	2004	2005
General Government				
New Business Licenses Issued	995	1,023	1,553	1,626
Public Safety				
Calls for Services - Police	84,964	93,739	97,775	101,488
Total Arrests	29,052	33,246	33,901	35,529
Fire Calls per Engine Company	379	348	386	408
Transportation				
Square Yards of City Streets Resurfaced	95,491	68,635	68,432	48,273
Community and Economic Development				
Building Permits Issued	794	2,759	2,309	3,407
Culture and Recreation				
Admissions to Recreation Centers ⁽¹⁾	93,719	85,796	88,250	41,899
Exhibition Hall Occupancy Percentage	56%	54%	62%	67%
Number of Library Volumes	79,190	74,454	72,232	79,440
Water				
Average Daily Consumption (<i>thousands of gallons</i>)	13,925	14,402	13,602	13,742
Sewer				
Average Daily Treatment (<i>thousands of gallons</i>)	8,087	8,037	9,320	8,690
Municipal Golf Course				
Number of Rounds Played	33,115	41,395	36,408	39,025
Solid Waste Management				
Tons of Refuse Collected	21,080	18,407	17,526	20,179

Sources: Various City departments

Notes: No operating indicators are available for the public works function or the baseball stadium.

⁽¹⁾ In 2005, the City's largest recreation center was closed for renovations.

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Fiscal Year					
2006	2007	2008	2009	2010	2011
1,470	1,361	1,234	1,403	1,094	1,092
102,482	102,670	107,136	117,116	141,191	110,773
34,517	37,817	39,436	26,322	27,020	21,620
339	368	364	346	301	346
32,230	39,860	40,000	39,000	31,920	61,661
4,525	4,516	5,121	2,966	2,986	3,468
147,397	180,272	177,910	209,326	217,125	250,046
73%	67%	66%	66%	63%	61%
79,298	77,089	77,089	84,116	87,961	146,027
13,328	10,555	10,395	9,745	9,816	10,056
8,316	8,229	8,161	7,859	7,785	7,974
41,928	46,621	45,633	40,236	32,989	37,224
17,711	29,129	27,931	27,689	27,937	28,099

Schedule 22

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

	Fiscal Year			
	2002	2003	2004	2005
Public Safety				
Police Stations	2	2	2	2
Fire Stations	5	5	5	5
Transportation				
Streets (<i>miles</i>)	100	100	102	102
Traffic Signals	51	54	57	60
Culture and Recreation				
Parks	31	31	31	37
Park Acreage	180	180	180	332
Recreation Centers	3	3	3	3
Libraries	1	1	1	1
Cemeteries	2	2	2	2
Water				
Water Mains (<i>miles</i>)	331	332	333	336
Sewer				
Gravity Sewers (<i>miles</i>)	194	195	205	206
Storm Sewers (<i>miles</i>)	52	53	57	58
Baseball Stadium				
Baseball Stadiums	1	1	1	1
Municipal Golf Course				
Number of Championship Holes	18	18	18	18
Solid Waste Management				
Transfer Stations	1	1	1	1
Collection Trucks	26	26	26	26

Sources: Various City departments

Notes: No capital asset indicators are available for the general government, community and economic development and public works functions.

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Fiscal Year						
2006	2007	2008	2009	2010	2011	
2	3	3	3	3	3	3
6	6	6	6	6	6	6
103	126	127	130	130	141	
62	64	70	70	70	71	
37	37	37	45	45	45	
332	332	332	653	653	653	
3	3	3	4	4	4	
1	1	1	1	1	1	
2	2	2	2	2	2	
341	350	372	375	375	376	
206	214	219	219	230	230	
58	65	126	141	151	153	
1	1	1	1	1	1	
18	18	18	18	18	18	
1	1	1	1	1	1	
26	26	26	26	26	26	

SINGLE AUDIT

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Passed Through Horry County Government:			
Community Development Block Grant	14.218	B-08-UC-45006	\$ 113,064
		B-09-UC-45006	89,039
		B-10-UC-45006	151,472
Total U.S. Department of Housing and Urban Development			<u>\$ 353,575</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Grant	16.607		\$ 18,210
Public Safety Partnership and Community Policing Grant	16.710		77,276
ARRA - Public Safety Partnership and Community Policing Grant	16.710		150,634
Passed Through the State Department of Public Safety:			
Edward Byrne Memorial Justice Assistance Grant	16.738	1G10015	33,973
Total U.S. Department of Justice			<u>\$ 280,093</u>
U.S. Department of Transportation:			
Passed Through the State Department of Transportation:			
Highway Planning and Construction Grant	20.205	26L20GSAT(002)	\$ 132,635
		26L20GSAT(003)	500,000
		26L200SU26(008)	15,620
Passed Through the State Department of Public Safety:			
State and Community Highway Safety Grant	20.600	2JC10015	2,128
		2JC11015	19,424
Total U.S. Department of Transportation			<u>\$ 669,807</u>
U.S. Small Business Administration:			
Congressional Earmark	59.000		<u>\$ 100,000</u>
U.S. Environmental Protection Agency:			
Congressionally Mandated Projects Grant	66.202		<u>\$ 113,493</u>

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security:			
Assistance to Firefighters Grant	97.044		\$ 354,845
Passed Through the State Law Enforcement Division: Homeland Security Grant	97.067	9SHSP50 6SHSP36	24,848 16,182
Passed Through the State Department of Natural Resources: Flood Mitigation Assistance Grant	97.029	FMA-04-SC-2008	2,847
Total U.S. Department of Homeland Security			<u>\$ 398,722</u>
U.S. Department of the Interior:			
Passed Through the State Department of Parks, Recreation and Tourism: Outdoor Recreation Acquisition, Development and Planning Grant	15.916	45-01092	<u>\$ 236,720</u>
U.S. Department of Energy:			
Passed Through Horry County Government: ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000948	<u>\$ 287,904</u>
U.S. Department of Agriculture:			
Passed Through the State Forestry Commission: ARRA - Wildland Fire Management Grant	10.688	09ARRA17	<u>\$ 21,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,461,314</u></u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Myrtle Beach, South Carolina (the City) under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTUNG POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying members are presented where available.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2011

U.S. Department of Housing and Urban Development

Finding 2010-1 : Community Development Block Grant - CFDA No. 14.218

Condition: This finding was a material weakness stating that the Community Development Administrator is not consistently denoting on invoices the review / approval of grant expenditures.

Recommendation: The auditor recommended that all grant expenditures should be reviewed by the Community Development Administrator to ensure that the costs are allowable. In addition, the Community Development Administrator should denote the review of the expenditure and approval for payment on the invoice.

Current Status: The recommendation was adopted by the City. No similar findings were noted during the year ended June 30, 2011 audit.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council
City of Myrtle Beach, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Myrtle Beach, South Carolina as of and for the year ended June 30, 2011, which collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements and have issued our report thereon dated November 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Myrtle Beach, South Carolina's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Myrtle Beach, South Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Myrtle Beach, South Carolina's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Myrtle Beach, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain

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South Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants - Private Companies Practice Section

provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



SMITH SAPP BOOKHOUT CRUMPLER & CALLIHAM
Professional Association of Certified Public Accountants

Myrtle Beach, South Carolina
November 28, 2011



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Mayor and City Council
City of Myrtle Beach, South Carolina

Compliance

We have audited the City of Myrtle Beach, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Myrtle Beach, South Carolina's major federal programs for the year ended June 30, 2011. The City of Myrtle Beach, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Myrtle Beach, South Carolina's management. Our responsibility is to express an opinion on the City of Myrtle Beach, South Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Myrtle Beach, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Myrtle Beach, South Carolina's compliance with those requirements.

In our opinion, the City of Myrtle Beach, South Carolina complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Myrtle Beach, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Myrtle Beach, South Carolina's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of

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South Carolina Association of Certified Public Accountants
American Institute of Certified Public Accountants - Private Companies Practice Section

expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Myrtle Beach, South Carolina's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



SMITH SAPP BOOKHOUT CRUMPLER & CALLIHAM
Professional Association of Certified Public Accountants

Myrtle Beach, South Carolina
November 28, 2011

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Myrtle Beach, South Carolina.
2. No significant deficiencies in internal control were disclosed during the audit of the basic financial statements of the City of Myrtle Beach, South Carolina.
3. No instances of noncompliance material to the basic financial statements of the City of Myrtle Beach, South Carolina were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs of the City of Myrtle Beach, South Carolina expresses an unqualified opinion on all major federal programs.
6. There are no audit findings for the major programs, which are required to be reported.
7. The programs tested as major programs were:
 - U.S. Department of Housing and Urban Development, Community Development Block Grant - CFDA No. 14.218
 - U.S. Department of Transportation, Highway Planning and Construction Grant - CFDA No. 20.205
 - U.S. Department of Homeland Security, Assistance to Firefighters Grant - CFDA No. 97.044
8. The threshold used for distinguishing between type A and B programs was \$300,000.
9. The City of Myrtle Beach, South Carolina was determined to not be a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None



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CITY OF MYRTLE BEACH SOUTH CAROLINA

Comprehensive Annual Financial Report

Fiscal Year Ended • June 30, 2011