

CITY OF MYRTLE BEACH SOUTH CAROLINA



Comprehensive Annual
Financial Report
Fiscal Year Ended
June 30, 2006



First In Service

**CITY of MYRTLE BEACH,
SOUTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006

CITY COUNCIL

MAYOR JOHN RHODES

MICHAEL CHESTNUT

PHILIP RENDER

RANDAL WALLACE

CHARLES MARTINO

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, 2006**

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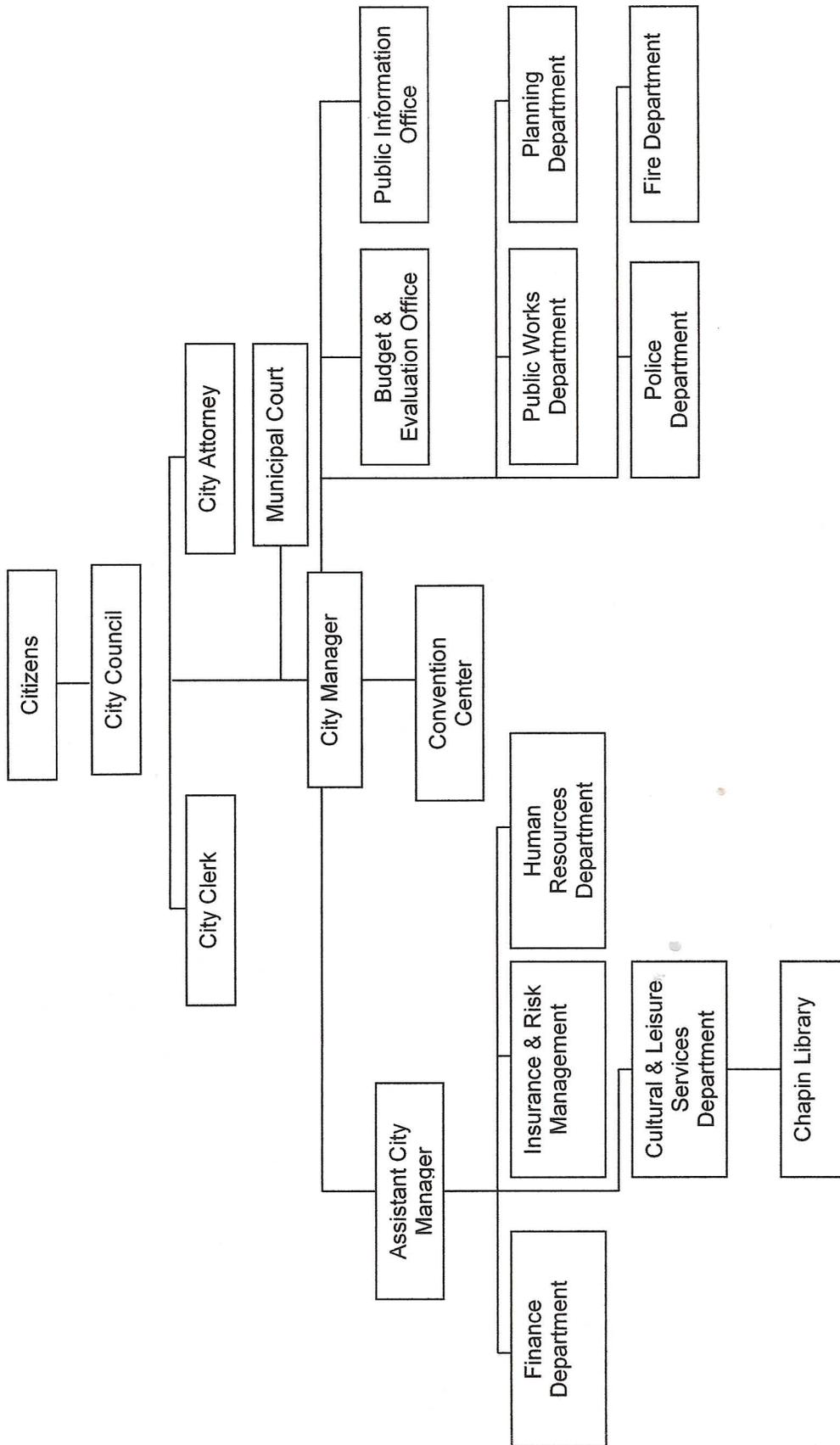
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City of Myrtle Beach

Organizational Chart





City of Myrtle Beach

SOUTH CAROLINA

OFFICE OF THE FINANCE DIRECTOR

November 28, 2006

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, 2006, 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.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the table of contents, the City's organizational chart, this transmittal letter and the City's Certificate of Achievement for Excellence in Financial Reporting for the year ended June 30, 2005. The financial section includes the independent auditors' report, management's discussion and analysis, the basic financial statements, required supplementary information, combining and individual fund statements and schedules and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, and the auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the single audit section of this report.

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.

CITY OF MYRTLE BEACH / P.O. Box 2468 / MYRTLE BEACH, SOUTH CAROLINA 29578-2468



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 822% 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

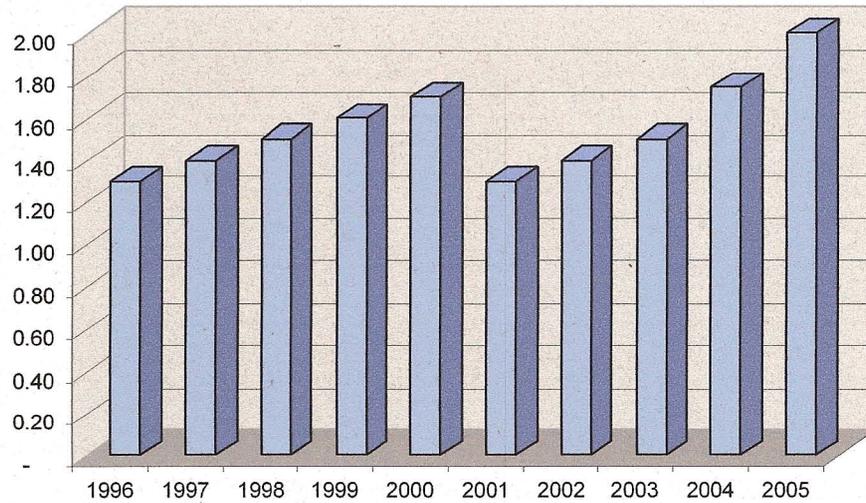
Government: The Myrtle Beach government is organized according to the Council-Manager form of government. The Mayor and City Council constitute the governing body of the City and formulate policy for the administration of the City. The six members of the City Council are elected on an at-large basis 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.

ECONOMIC CONDITION AND OUTLOOK

Retail sales inside Myrtle Beach were \$1.95 billion last year, an increase of 14.7% over the previous year.

**Myrtle Beach Retail Sales,
1996-05(\$ billions)**

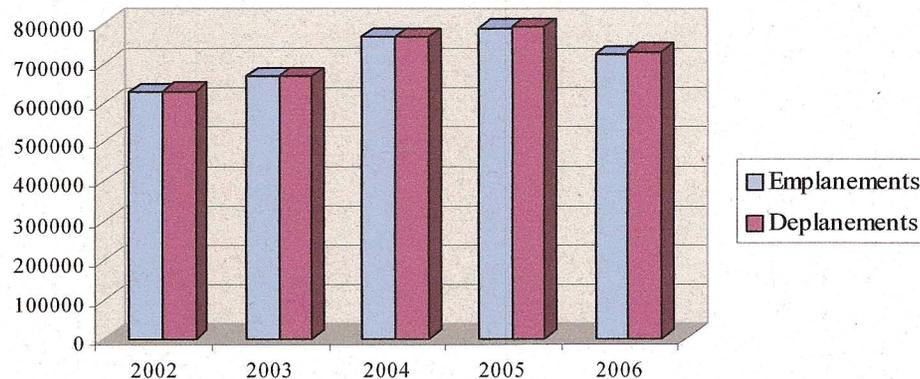


Accommodations taxes collected by the State from the accommodations and tourism industry within the City of Myrtle Beach for the fiscal year ended June 30, 2006 was \$7,028,679 of which \$6,389,598 was allocated back to the City of Myrtle Beach for tourism related expenditures.

The unemployment rate for calendar year 2005 was 5.3% compared to 6.0% in calendar year 2004.

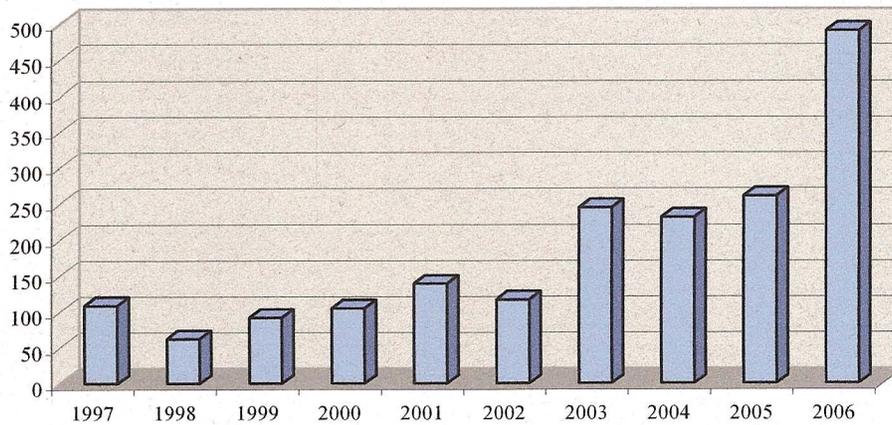
The number of passengers traveling through the Myrtle Beach International Airport is currently not rising. This is due to the local carriers reducing service in certain months and ceasing service completely. Total passengers traveling through the airport was 1,446,520 for the year 2006 compared with 1,582,240 in the year 2005.

**Total Passangers Handled-Myrtle Beach International
Airport, 2002-June 2006**



Figures for the year ended June 30, 2006, indicate that buildings permitted by the City totaled \$489,767,965.

**Construction Permitted Inside Corporate Limit,
1997-06 (\$ millions)**



MAJOR INITIATIVES FOR THE YEAR

The City sold its surface water treatment facility and water reclamation facility to Grand Strand Water and Sewer Authority (GSWSA). In conjunction with the sale, the employees of the facility were relocated to GSWSA along with their tenure and benefits. The City used sale proceeds to retire bonded debt and left the system with no senior long-term bonded debt as of June 30, 2006.

The City received a \$7,000,000 grant from the State and used the funds to purchase 40 acres of land adjacent to the convention center.

A bond referendum in 2001 authorized the issuance of a \$34 million package of bonds for storm water and recreation projects. The proceeds are being used for improvements to the City's storm water facilities, to provide improvements to the City's recreation centers, for the purchase of land and construction of improvements for City parks and the construction of bicycle pathways. During 2006, the City issued \$6,950,000 of general obligation bonds for the next phase of storm water improvement projects and \$2,730,000 for the next phase of improvements to the City's parks and recreational facilities. This brings the total general obligation bonds issued under the referendum package to \$23,050,000 for storm water improvement projects and \$8,410,000 for recreation improvement projects.

In 2006, the City also issued \$2,500,000 of general obligation bonds in conjunction with the construction of fire station No. 6, which was completed during the year.

Rehabilitation of the Myrtle Beach Colored School was completed and will be used as a multi-purpose cultural and educational venue.

The retrofit of a building on the former Myrtle Beach Air Force Base was completed and was used for the relocation of a fire station and additional police offices.

Work continued on the placement of underground conduit in key locations, such as the downtown area.

FOR THE FUTURE

Of the strategic objectives Council adopted for this year, the majority relate to capital improvements and are provided for in the City's capital improvement program. The projects are as follows:

- The City, in conjunction with a private developer, has plans to begin Phase I of the Market Common Development. The development is a multi-phased development on approximately 112 acres within the Redevelopment Area on the former Myrtle Beach Air Force Base. The development agreement contemplates a mixed-use project composed of retail, residential, commercial, office, restaurant, entertainment and recreational facilities. Phase I consists of a pedestrian-oriented "urban village" community set on 27.6 acres. The development also includes the construction of certain public infrastructure projects. The City will issue \$30,795,000 of Tax Increment Bonds to finance the costs of acquiring and constructing the public improvements.
- Continued construction and expansion of storm water infrastructure focusing on major drainage basins throughout the City.
- Commencement of engineering and design of Grande Park. Encompassing 90 acres of property, Grand Park will be a series of parks along the parkway connecting the north and south entrances into the former Myrtle Beach Air Force Base. The projects will add a walking/biking/jogging trail, benches, lakes, landscape and irrigation systems within the park property.
- Commencement of engineering and design of North Park. This park is located near the Intracoastal Waterway in the northern section of the City. Initial plans for the 10 acre park include a dog park, picnic shelter, benches and a landscaped walkway and nature trail.
- The construction of a bike path that will connect north end neighborhoods to the Greenway Bikeway.
- Renovations and improvements to Crabtree Gymnasium on the former Myrtle Beach Air Force Base. The Air Base Redevelopment Commission has agreed to provide \$3,342,000 of funding toward the project.

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, 2006, 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.

CASH MANAGEMENT

The City's Finance Department operates under a comprehensive policy on cash management and investments. The policy recognizes the need to make optimum use of idle funds. At the same time, it acknowledges the necessity (1) to control credit risks,

(2) to avoid the risk of significant depreciation of investment value due to market volatility, (3) to maintain liquidity sufficient to fund current operations and (4) to avoid the need for short-term borrowing to meet operating expenses.

The objectives of the policy, in order of priority, are preservation of capital, liquidity or cash equivalence and the achievement of reasonable yield. Toward these ends, all investments are to be fully registered in the name of the City of Myrtle Beach, or fully insured or collateralized by the pledge of securities of the investment institutions' own portfolio. Pledged securities are required to be direct obligations of the United States Treasury or its agencies, obligations of the State of South Carolina or obligations of political subdivisions of the State of South Carolina with investment grade bond ratings.

The maximum term of maturity allowed under the policy is one year. Exceptions are allowed only for funds designated for the future retirement of outstanding debt obligations or for funds held in depreciation reserves or for the scheduled replacement of rolling stock.

When funds become available for investment, the Finance Director or a designee is required to place a request for bids, specifying the amount and term of the investment, with no fewer than five pre-qualified financial institutions or broker/dealers. Institutions and brokers must be chartered in the State of South Carolina or seated on the New York Stock Exchange as a minimum qualification to bid on the City's investment business. Investments are to be awarded to the institution or broker offering the highest effective yield on a legal investment instrument over the specified term.

RISK MANAGEMENT

The City has a risk management program with a full-time professional risk manager who is charged with identifying risks, developing risk abatement programs and recommending risk-financing alternatives. The City now operates under a comprehensive loss control policy, which is designed to control the level of exposure to losses as a result of normal operations.

The City's Self Insurance Fund accounts for and finances general liability, worker's compensation and property damage claims. The Self Insurance Fund provides coverage for up to a maximum of \$350,000 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 the coverage provided by the Self Insurance Fund. Employee benefits such as medical, dental and optical insurance are provided through contracts with the South Carolina Local Government Assurance Group. The City is fully self-insured for all unemployment claims.

PENSION PLAN

The City participates in the South Carolina Retirement System and in the Police Officers Retirement System for firefighters and sworn law enforcement officers. The City exercises no control over the operations of the pension plan and does not account for its inflows and outflows.

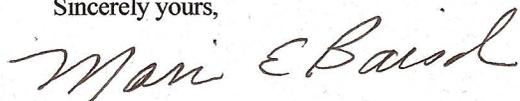
OTHER INFORMATION

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, 2005. 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 dark ink and is positioned to the right of the typed name.

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, 2005

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

FINANCIAL



**SMITH SAPP
BOOKHOUT
CRUMPLER
& CALLIHAM**

Professional Association
Certified Public Accountants & Consultants

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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, 2006, 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 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, 2006, 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 October 31, 2006, 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 conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 70 through 73, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Trusted Advisors For Over 50 Years

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

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 basic financial statements. 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 basic 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 basic financial statements of the City of Myrtle Beach, South Carolina. The combining and individual fund statements and schedules, other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Smith Sapp Bookhout Crumpler & Calliham

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

Myrtle Beach, South Carolina
October 31, 2006

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2006**

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, 2006. 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 \$157,081,761 (net assets).
- The City's total net assets increased by \$8,800,339. This is the result of an increase in net assets of our governmental-type activities of \$22,732,901, or 99.3%, and a decrease in net assets of our business-type activities of \$13,932,562, or 11.1%.
- The City's total revenues amounted to \$125,556,019 during the year ended June 30, 2006. Revenues of governmental activities totaled \$89,649,051, an increase of 15.2%, and revenues of business-type activities were \$35,906,968, an increase of 4.2%.
- During the year ended June 30, 2006, the City's total expenses amounted to \$96,334,007. Expenses of governmental activities totaled \$65,988,855, an increase of 2.8%, and expenses of business-type activities were \$30,345,152, a 0.6% increase.
- At June 30, 2006, the City's governmental funds reported combined fund balances of \$38,087,600, an increase of \$7,564,011 in comparison to the prior year.
- There was an increase in the City's investment in capital assets for the current fiscal year in the amount of \$26,751,287, or 25.7%, for governmental activities and a decrease of \$63,234,889, or 39.2%, for business-type activities.
- At year-end, the City had \$136,368,903 in outstanding bonds payable, note payable and capital lease obligations compared to \$163,505,075 last year, a decrease of 16.6%.

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 40 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 41. 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, 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 40 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 41.

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 70. Combining and individual fund statements and schedules and other supplementary information can be found on pages 75 - 104.

The City as a Whole

Condensed statements of net assets at June 30, 2006 and 2005 are shown below.

THE CITY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$ 59,711,836	\$ 48,739,237	\$ 24,314,490	\$ 17,844,200	\$ 84,026,326	\$ 66,583,437
Capital Assets (Net)	<u>130,725,071</u>	<u>103,973,784</u>	<u>97,928,093</u>	<u>161,162,982</u>	<u>228,653,164</u>	<u>265,136,766</u>
Total Assets	<u>\$ 190,436,907</u>	<u>\$ 152,713,021</u>	<u>\$ 122,242,583</u>	<u>\$ 179,007,182</u>	<u>\$ 312,679,490</u>	<u>\$ 331,720,203</u>
Long-Term Liabilities	\$ 127,289,319	\$ 111,507,732	\$ 7,266,054	\$ 46,620,452	\$ 134,555,373	\$ 158,128,184
Other Liabilities	<u>17,510,440</u>	<u>18,301,042</u>	<u>3,531,916</u>	<u>7,009,555</u>	<u>21,042,356</u>	<u>25,310,597</u>
Total Liabilities	<u>\$ 144,799,759</u>	<u>\$ 129,808,774</u>	<u>\$ 10,797,970</u>	<u>\$ 53,630,007</u>	<u>\$ 155,597,729</u>	<u>\$ 183,438,781</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	\$ 56,706,374	\$ 41,885,142	\$ 92,853,491	\$ 115,181,644	\$ 149,559,865	\$ 157,066,786
Restricted	18,735,355	18,832,653	662,576	4,230,018	19,397,931	23,062,671
Unrestricted	<u>(29,804,581)</u>	<u>(37,813,548)</u>	<u>17,928,546</u>	<u>5,965,513</u>	<u>(11,876,035)</u>	<u>(31,848,035)</u>
Total Net Assets	<u>\$ 45,637,148</u>	<u>\$ 22,904,247</u>	<u>\$ 111,444,613</u>	<u>\$ 125,377,175</u>	<u>\$ 157,081,761</u>	<u>\$ 148,281,422</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, 2006 were \$157,081,761, an increase of \$8,800,339, or 5.9%, from a year ago.

The largest portion of the City's net assets (\$149,559,865) 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, 12.3%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets amounts to \$(11,876,035). Unrestricted net assets is negative as a result of a \$42,443,983 payment made during 2004 to the Myrtle Beach Convention Center Hotel Corporation, a component unit of the City, which was utilized to extinguish a portion of the Corporation's outstanding revenue bonds.

Changes in the City's net assets during the years ended June 30, 2006 and 2005 follows.

THE CITY'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 14,932,956	\$ 13,901,047	\$ 28,936,831	\$ 27,914,368	\$ 43,869,787	\$ 41,815,415
Operating Grants and Contributions	803,000	889,036		114,119	803,000	1,003,155
Capital Grants and Contributions	14,808,105	10,341,671	6,295,323	6,068,800	21,103,428	16,410,471
General Revenues:						
Property Taxes	19,793,135	16,746,337			19,793,135	16,746,337
Local Accommodations Taxes	1,781,748	1,748,313			1,781,748	1,748,313
Business License Taxes	17,585,457	15,405,237			17,585,457	15,405,237
Franchise Taxes	2,966,514	2,520,579			2,966,514	2,520,579
Hospitality Fee Taxes	8,075,180	7,708,776			8,075,180	7,708,776
Grants and Contributions not Restricted to Specific Programs	7,811,218	7,973,606			7,811,218	7,973,606
Investment Earnings	<u>1,091,738</u>	<u>604,479</u>	<u>674,814</u>	<u>369,866</u>	<u>1,766,552</u>	<u>974,345</u>
Total Revenues	<u>\$ 89,649,051</u>	<u>\$ 77,839,081</u>	<u>\$ 35,906,968</u>	<u>\$ 34,467,153</u>	<u>\$ 125,556,019</u>	<u>\$ 112,306,234</u>
Expenses:						
General Government	\$ 8,335,752	\$ 10,850,596	\$	\$	\$ 8,335,752	\$ 10,850,596
Public Safety	26,163,070	23,923,641			26,163,070	23,923,641
Transportation	4,338,760	3,935,585			4,338,760	3,935,585
Community and Economic Development	6,146,463	5,299,484			6,146,463	5,299,484
Culture and Recreation	13,985,339	13,250,600			13,985,339	13,250,600
Public Works	1,263,193	1,210,590			1,263,193	1,210,590
Interest and Fiscal Charges	5,756,278	5,709,771			5,756,278	5,709,771
Water			11,977,403	11,977,618	11,977,403	11,977,618
Sewer			12,539,283	12,387,391	12,539,283	12,387,391
Baseball Stadium			960,144	1,042,756	960,144	1,042,756
Municipal Golf Course			1,372,601	1,332,383	1,372,601	1,332,383
Solid Waste Management			<u>3,495,721</u>	<u>3,435,661</u>	<u>3,495,721</u>	<u>3,435,661</u>
Total Expenses	<u>\$ 65,988,855</u>	<u>\$ 64,180,267</u>	<u>\$ 30,345,152</u>	<u>\$ 30,175,809</u>	<u>\$ 96,334,007</u>	<u>\$ 94,356,076</u>
Increase in Net Assets Before Special Item, Extraordinary Item and Transfers	\$ 23,660,196	\$ 13,658,814	\$ 5,561,816	\$ 4,291,344	\$ 29,222,012	\$ 17,950,158
Special Item			(18,577,670)		(18,577,670)	
Extraordinary Item			(1,844,003)		(1,844,003)	
Transfers	<u>(927,295)</u>	<u>(875,788)</u>	<u>927,295</u>	<u>875,788</u>		
Increase (Decrease) in Net Assets	\$ 22,732,901	\$ 12,783,026	\$ (13,932,562)	\$ 5,167,132	\$ 8,800,339	\$ 17,950,158
Net Assets - Beginning	<u>22,904,247</u>	<u>10,121,221</u>	<u>125,377,175</u>	<u>120,210,043</u>	<u>148,281,422</u>	<u>130,331,264</u>
Net Assets - Ending	<u>\$ 45,637,148</u>	<u>\$ 22,904,247</u>	<u>\$ 111,444,613</u>	<u>\$ 125,377,175</u>	<u>\$ 157,081,761</u>	<u>\$ 148,281,422</u>

The City's total revenues amounted to \$125,556,019 for the year ended June 30, 2006. This is an increase of \$13,249,785, or 11.8%. There were increases in all categories of revenues except for operating grants and contributions and grants and contributions not restricted to specific programs. The largest increase was in capital grants and contributions. This revenue category increased by \$4,692,957, or 28.6%. This increase was primarily due to a State grant received for the purchase of land adjacent to the City's convention center. Property taxes were the next largest increase totaling \$3,046,798, or 18.2%. This increase can be attributed to new growth, increases in fees-in-lieu of taxes and reassessment collections (including those on appeal).

The total cost of all programs and services was \$96,334,007 (increasing by \$1,977,931, or 2.1%). The largest increase was experienced in the public safety category in the amount of \$2,239,429, or 9.4%. The largest contributing factor to this increase was a 12.8% budgeted increase in the Fire Department and a 9.1% budgeted increase in the Police Department. Both increases were primarily in personnel costs. There was a substantial decrease in the general government category in the amount of \$2,514,844, or 23.2%. This decrease was due to the accrual of a legal judgment in the previous fiscal year.

Governmental Activities

The City's net assets from governmental activities increased \$22,732,901. 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 \$(37,813,548) at June 30, 2005 to \$(29,804,581) 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 increased by 15.2% (\$11,809,970), while total expenses increased 2.8% (\$1,808,588).

The cost of all governmental activities this year was \$65,988,855. However, as shown in the statement of activities beginning on page 14, the amount that our taxpayers ultimately financed for these activities was only \$35,444,794 because some of the cost was paid by those who directly benefited from the programs \$14,932,956 or by other governments and organizations that subsidized certain programs with grants and contributions \$15,611,105. Overall, the City's governmental program revenues were \$30,544,061. 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 \$59,104,990.

Business-Type Activities

The City's net assets from business-type activities decreased \$13,932,562, or 11.1%.

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 increased by 4.2% (\$1,439,815) and expenses increased by 0.6% (\$169,343).

The cost of all business-type activities this year was \$30,345,152. As shown in the statement of activities that starts on page 14, the amounts paid by users of the activities were \$28,936,831 and grants and contributions totaled \$6,295,323. Investment earnings were \$674,814 and transfers totaled \$927,295.

The City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unreserved 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 \$38,087,600, an increase of \$7,564,011 in comparison with the prior year. Approximately 46.7% of this total (\$17,772,129) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved for amounts that (a) are not available for spending or (b) are legally restricted for a specific purpose.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$8,737,119, while total fund balance amounted to \$9,265,262. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 18.1% of total expenditures, while total fund balance represents 19.2% of that same amount. The General Fund's total fund balance increased by \$463,524 during the current fiscal year. This increase resulted from increased collections in business license taxes (\$2,143,790 increase from fiscal year 2005) and property taxes (\$1,841,447 more than fiscal year 2005). Several factors account for the increase in property tax revenue, which includes new growth, increases in fees-in-lieu of taxes and reassessment collections (including those on appeal).

In the Convention Center Fund, fund balance decreased by \$340,241 to \$(1,243,936) at year-end. The major portion of this decrease was a planned use of fund balance for operations.

Fund balance of the Hospitality Fee Fund decreased by \$1,280,350 to \$742,841 at June 30, 2006. Of this total, \$1,192 is reserved for hospitality fee revenue bonds and \$741,649 as been designated by City Council for capital replacement. The decrease in fund balance occurred because of debt service payments for the hospitality fee revenue bonds issued in fiscal year 2004.

The Capital Improvements Fund has total fund balance of \$20,326,254, an increase of \$6,567,108 from the prior year. Of this total, \$6,600,061 is reserved for tourism related expenditures, \$4,736,596 is reserved for projects and \$579,903 for other restricted purposes. City Council has designated \$936,079 of unrestricted fund balance for disaster recovery. The increase in fund balance is due to bond and note issuances.

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 \$23,644,855. Total net assets decreased \$13,230,310 from the prior year. The decrease was primarily due to the sale of the water and wastewater plant and the related extinguishment of all of the outstanding revenue bonds.

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 \$(1,283,543), \$(1,817,338) and \$(1,589,137), respectively. The total decrease in net assets in the Baseball Stadium Fund, Municipal Golf Course Fund and Solid Waste Management Fund was \$152,829, \$29,411 and \$118,432, respectively.

General Fund Budgetary Highlights

The original budget was amended during the year. The resources available for appropriation were \$3,055,593 above the final budgeted amounts. This amount was primarily the result of collections in business license taxes exceeding budget by \$1,502,977, property taxes exceeding budget by \$648,624 and permits fees exceeding budget by \$269,587. The actual charges to appropriations (expenditures) were equal to the final budgeted amounts.

Budget to actual comparisons for the General Fund can be found on page 70.

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, 2006 amounted to \$228,653,164 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 an increase of \$26,751,287, or 25.7%, for governmental activities

and a decrease of \$63,234,889, or 39.2%, for business-type activities. The decrease for business-type activities was due to the sale of the water and wastewater plant in the Water and Sewer Fund.

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

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 22,152,102	\$ 9,262,761	\$ 5,964,899	\$ 5,964,899	\$ 28,117,001	\$ 15,227,660
Land Improvements	2,151,642	1,740,617	747,112	794,392	2,898,754	2,535,009
Buildings and Improvements	40,722,986	38,851,947	6,924,428	22,023,486	47,647,414	60,875,433
Distribution Systems			82,038,541	130,105,226	82,038,541	130,105,226
Furniture, Vehicles and Equipment	8,733,126	8,798,568	837,006	840,513	9,570,132	9,639,081
Infrastructure	45,081,108	29,572,551			45,081,108	29,572,551
Construction-in-Progress	<u>11,884,107</u>	<u>15,747,340</u>	<u>1,416,107</u>	<u>1,434,466</u>	<u>13,300,214</u>	<u>17,181,806</u>
	<u>\$ 130,725,071</u>	<u>\$ 103,973,784</u>	<u>\$ 97,928,093</u>	<u>\$ 161,162,982</u>	<u>\$ 228,653,164</u>	<u>\$ 265,136,766</u>

Debt

At year-end, the City had \$136,368,903 in outstanding bonds payable, note payable and capital lease obligations compared to \$163,505,075 last year, a decrease of 16.6%. The decrease was due to the extinguishment of revenue bonds in the Water and Sewer Fund.

**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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General Obligation Bonds	\$ 42,365,000	\$ 32,400,000	\$	\$	\$ 42,365,000	\$ 32,400,000
Revenue Bonds				41,568,571		41,568,571
Certificates of Participation	18,715,000	19,790,000	7,650,000	8,075,000	26,365,000	27,865,000
Tax Increment Revenue Bonds	3,345,000	4,370,000			3,345,000	4,370,000
Storm Water Revenue Bonds	7,788,768	3,115,022			7,788,768	3,115,022
Hospitality Fee Revenue Bonds	49,660,000	49,660,000			49,660,000	49,660,000
Note Payable	2,897,500				2,897,500	
Capital Lease Obligations	<u>3,947,635</u>	<u>4,526,482</u>			<u>3,947,635</u>	<u>4,526,482</u>
	<u>\$ 128,718,903</u>	<u>\$ 113,861,504</u>	<u>\$ 7,650,000</u>	<u>\$ 49,643,571</u>	<u>\$ 136,368,903</u>	<u>\$ 163,505,075</u>

The City maintains credit ratings of A1, AA- 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% of total assessed value. General obligation debt issued pursuant to referendum is not subject to the limitation. As of June 30, 2006, the amount of new debt, which could be issued without referendum, was \$10,855,818.

Other long-term obligations of the City include unreported insurance claims, a judgment 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 2007 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.

These indicators were taken into account when adopting the General Fund budget for fiscal year 2007. Amounts available for appropriation in the General Fund budget are \$43,744,817, an increase of 8.6% over the final fiscal year 2006 budget of \$40,288,836. Business license taxes and property taxes are expected to lead this increase. The City will use these increases in revenues to finance programs we currently offer and the effect that we expect inflation to have on program costs. Budgeted expenditures are expected to increase by 2.6%, to \$49,502,817 from \$48,261,343 in fiscal year 2006. The City has added ten new police personnel, a new fire supply clerk and a new annexation coordinator. If these estimates are realized, the City's budgetary General Fund balance is expected to remain in tact by the close of 2007.

As for the City's business-type activities, the rates for water and sewer service and solid waste service will not increase for the fiscal year 2007.

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, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Temporary Investments	\$ 19,929,391	\$ 18,009,276	\$ 37,938,667
Receivables (Net)	9,309,976	4,437,478	13,747,454
Due From Component Unit	6,853,065		6,853,065
Internal Balances	1,283,120	(1,283,120)	
Inventories	243,116	668,340	911,456
Prepaid Assets	11,997	5,378	17,375
Restricted Cash and Temporary Investments	19,310,960	2,257,530	21,568,490
Land and Construction in Progress	34,036,209	7,381,006	41,417,215
Other Capital Assets (Net)	96,688,862	90,547,087	187,235,949
Deferred Bond Issuance Costs (Net)	2,770,211	219,608	2,989,819
Total Assets	<u>\$ 190,436,907</u>	<u>\$ 122,242,583</u>	<u>\$ 312,679,490</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 8,865,000	\$ 1,319,632	\$ 10,184,632
Due to Primary Government			
Deferred Revenue	229,946	172,330	402,276
Liabilities Payable From Restricted Assets	2,020,473	2,039,954	4,060,427
Noncurrent Liabilities:			
Due Within One Year	6,395,021		6,395,021
Due in More Than One Year	127,289,319	7,266,054	134,555,373
Total Liabilities	<u>\$ 144,799,759</u>	<u>\$ 10,797,970</u>	<u>\$ 155,597,729</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 56,706,374	\$ 92,853,491	\$ 149,559,865
Restricted for:			
Tourism Promotion and Support	8,817,370		8,817,370
Community Development	2,678,132		2,678,132
Capital Projects	3,619,090		3,619,090
Debt Service	2,953,170	452,576	3,405,746
Renewal and Replacement		210,000	210,000
Other	667,593		667,593
Unrestricted	<u>(29,804,581)</u>	<u>17,928,546</u>	<u>(11,876,035)</u>
Total Net Assets	<u>\$ 45,637,148</u>	<u>\$ 111,444,613</u>	<u>\$ 157,081,761</u>

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

Component Units

	MB Downtown Redevelopment Corporation		MB Convention Center Hotel Corporation
\$	878,603 20,664	\$	2,497,568 1,266,806
			60,636 292,422 1,162,745
	345,646		42,869,582 1,144,390
	1,244,913		49,294,149
\$	201,806 56,150	\$	1,092,666 6,853,065 121,647 637,241
	157,310 304,480		50,000 24,576,422
	719,746		33,331,041
\$	(104,354)	\$	21,037,550
			410,530 464,974 (5,949,946)
	629,521		(5,949,946)
	525,167		15,963,108

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2006

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 8,335,752	\$ 1,946,968	\$	\$
Public Safety	26,163,070	3,031,083	40,716	242,675
Transportation	4,338,760	1,263,102	64,865	1,962,517
Community and Economic Development	6,146,463	2,755,499	187,372	2,630,616
Culture and Recreation	13,985,339	5,936,304	510,047	9,972,297
Public Works	1,263,193			
Interest and Fiscal Charges	5,756,278			
Total Governmental Activities	<u>\$ 65,988,855</u>	<u>\$ 14,932,956</u>	<u>\$ 803,000</u>	<u>\$ 14,808,105</u>
Business-Type Activities:				
Water	\$ 11,977,403	\$ 14,687,054	\$	\$ 2,559,116
Sewer	12,539,283	9,754,058		3,736,207
Baseball Stadium	960,144	22,064		
Municipal Golf Course	1,372,601	1,336,523		
Solid Waste Management	3,495,721	3,137,132		
Total Business Type Activities	<u>\$ 30,345,152</u>	<u>\$ 28,936,831</u>	<u>\$</u>	<u>\$ 6,295,323</u>
Total Primary Government	<u>\$ 96,334,007</u>	<u>\$ 43,869,787</u>	<u>\$ 803,000</u>	<u>\$ 21,103,428</u>
Component Units:				
MB Downtown Redevelopment Corporation	\$ 640,445	\$ 972,869	\$	\$
MB Convention Center Hotel Corporation	20,072,703	13,757,932		
Total Component Units	<u>\$ 20,713,148</u>	<u>\$ 14,730,801</u>	<u>\$</u>	<u>\$</u>

General Revenues:

Property Taxes
Local Accommodations Taxes
Business License Taxes
Franchise Taxes
Hospitality Fee Taxes
Grants and Contributions not Restricted to Specific Programs
Investment Earnings
Special Item - Loss on Sale of Water and Wastewater Plant
Extraordinary Item - Loss on Extinguishment of Debt
Transfers
Total General Revenues, Special Item, Extraordinary Item 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
\$ (6,388,784)	\$	\$ (6,388,784)	\$	\$
(22,848,596)		(22,848,596)		
(1,048,276)		(1,048,276)		
(572,976)		(572,976)		
2,433,309		2,433,309		
(1,263,193)		(1,263,193)		
(5,756,278)		(5,756,278)		
<u>\$ (35,444,794)</u>	<u>\$</u>	<u>\$ (35,444,794)</u>	<u>\$</u>	<u>\$</u>
\$	\$ 5,268,767	\$ 5,268,767	\$	\$
	950,982	950,982		
	(938,080)	(938,080)		
	(36,078)	(36,078)		
	(358,589)	(358,589)		
<u>\$</u>	<u>\$ 4,887,002</u>	<u>\$ 4,887,002</u>	<u>\$</u>	<u>\$</u>
<u>\$ (35,444,794)</u>	<u>\$ 4,887,002</u>	<u>\$ (30,557,792)</u>	<u>\$</u>	<u>\$</u>
\$	\$	\$	\$ 332,424	\$
				(6,314,771)
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 332,424</u>	<u>\$ (6,314,771)</u>
\$ 19,793,135	\$	\$ 19,793,135	\$	\$
1,781,748		1,781,748		
17,585,457		17,585,457		
2,966,514		2,966,514		
8,075,180		8,075,180		
7,811,218		7,811,218		
1,091,738	674,814	1,766,552	22,403	96,620
	(18,577,670)	(18,577,670)		
	(1,844,003)	(1,844,003)		
(927,295)	927,295			
<u>\$ 58,177,695</u>	<u>\$ (18,819,564)</u>	<u>\$ 39,358,131</u>	<u>\$ 22,403</u>	<u>\$ 96,620</u>
\$ 22,732,901	\$ (13,932,562)	\$ 8,800,339	\$ 354,827	\$ (6,218,151)
<u>22,904,247</u>	<u>125,377,175</u>	<u>148,281,422</u>	<u>170,340</u>	<u>22,181,259</u>
<u>\$ 45,637,148</u>	<u>\$ 111,444,613</u>	<u>\$ 157,081,761</u>	<u>\$ 525,167</u>	<u>\$ 15,963,108</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Hospitality Fee Fund</u>	<u>Capital Improvements Fund</u>
ASSETS				
Cash and Temporary Investments	\$ 4,406,066	\$	\$	\$ 9,897,080
Receivables (Net):				
Property Taxes	506,540			
Local Accommodations Taxes				
Hospitality Fees			1,111,349	
Storm Water Fees				
Accounts	1,659,684	49,682		683,119
Intergovernmental	827,612	46,083		922,225
Loans				200,000
Due From Other Funds	5,775,598			
Due From Component Unit	102,692	6,545,297	205,076	
Inventories	93,736			
Prepaid Assets	4,718	7,279		
Advance to Other Fund				256,829
Restricted Cash and Temporary Investments	<u>1,708,458</u>	<u></u>	<u>1,192</u>	<u>11,459,731</u>
Total Assets	<u>\$ 15,085,104</u>	<u>\$ 6,648,341</u>	<u>\$ 1,317,617</u>	<u>\$ 23,418,984</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 2,675,531	\$ 192,255	\$	\$ 2,892,730
Due to Other Fund		980,840	563,056	
Payable From Restricted Assets:				
Court Bonds	724,490			
Refundable Deposits	397,454			
Unreported Insurance Claims	768,994			
Other	129,535			
Deferred Revenue	<u>1,123,838</u>	<u>6,719,182</u>	<u>11,720</u>	<u>200,000</u>
Total Liabilities	<u>\$ 5,819,842</u>	<u>\$ 7,892,277</u>	<u>\$ 574,776</u>	<u>\$ 3,092,730</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,124,047	\$ 18,427,193
2,951	509,491
269,332	269,332
	1,111,349
49,284	49,284
	2,392,485
2,209,208	4,005,128
722,066	922,066
	5,775,598
	6,853,065
	93,736
	11,997
	256,829
<u>6,141,579</u>	<u>19,310,960</u>
<u>\$ 13,518,467</u>	<u>\$ 59,988,513</u>

\$ 1,045,252	\$ 6,805,768
3,473,624	5,017,520
	724,490
	397,454
	768,994
	129,535
2,412	8,057,152
<u>\$ 4,521,288</u>	<u>\$ 21,900,913</u>

A-3 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006**

	General Fund	Convention Center Fund	Hospitality Fee Fund	Capital Improvements Fund
LIABILITIES AND FUND BALANCES (continued)				
Fund Balances (Deficit):				
Reserved for:				
Long-Term Receivable	\$	\$	\$	\$ 200,000
Inventories	93,736			
Prepaid Assets	4,718	7,279		
Advance to Other Fund				256,829
Narcotics Law Enforcement	233,458			
Library	96,231			
Airport Feasibility Study	100,000			
Rivoli Theatre				123,074
PUD Improvements				788,215
Tourism				6,600,061
Bond Projects				3,948,381
Certificates of Participation				
Tax Increment Revenue Bonds				
Hospitality Fee Revenue Bonds			1,192	
Storm Water Revenue Bonds				
Debt Service				
Unreserved, Reported in:				
General Fund:				
Designated for Ocean Front Improvements	367,029			
Undesignated	8,370,090			
Special Revenue Funds:				
Designated for Capital Replacement			741,649	
Undesignated		(1,251,215)		
Capital Projects Fund:				
Designated for Disaster Recovery				936,079
Undesignated				7,473,615
Total Fund Balances (Deficit)	\$ 9,265,262	\$ (1,243,936)	\$ 742,841	\$ 20,326,254
Total Liabilities and Fund Balances	\$ 15,085,104	\$ 6,648,341	\$ 1,317,617	\$ 23,418,984

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 722,066	\$ 922,066
	93,736
	11,997
	256,829
	233,458
	96,231
	100,000
	123,074
	788,215
	6,600,061
	3,948,381
1,322,909	1,322,909
4,027,412	4,027,412
	1,192
791,258	791,258
998,652	998,652
	367,029
	8,370,090
	741,649
1,134,882	(116,333)
	936,079
	7,473,615
<u>\$ 8,997,179</u>	<u>\$ 38,087,600</u>
<u><u>\$ 13,518,467</u></u>	<u><u>\$ 59,988,513</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2006

Total Fund Balances - Total Governmental Funds	\$ 38,087,600
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.	124,353,149
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	7,827,206
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.	2,024,679
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(126,655,486)</u>
Net Assets of Governmental Activities	<u>\$ 45,637,148</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, 2006

	General Fund	Convention Center Fund	Hospitality Fee Fund	Capital Improvements Fund
REVENUES				
Property Taxes	\$ 14,037,624	\$ 911,294	\$	\$ 440,214
Local Accommodations Taxes				
Hospitality Fees			8,074,246	
Storm Water Fees				
Licenses and Permits	20,968,059	600,000		1,620,672
Fines and Forfeitures	2,000,842			
Intergovernmental	2,140,030	46,083		9,053,059
Charges for Services	2,006,929	1,839,834		
Miscellaneous	2,190,945	5,048	51,892	2,642,836
Total Revenues	<u>\$ 43,344,429</u>	<u>\$ 3,402,259</u>	<u>\$ 8,126,138</u>	<u>\$ 13,756,781</u>
EXPENDITURES				
Current:				
General Government	\$ 8,459,461	\$ 314,612	\$	\$
Public Safety	25,409,173			
Transportation	2,105,219			93,491
Community and Economic Development	2,014,926			140,840
Culture and Recreation	8,769,486	3,322,732		85,076
Public Works	1,222,358			
Capital Outlay	280,720	14,800		26,803,307
Debt Service:				
Principal				
Interest and Fiscal Charges			2,545,325	
Bond Issuance Costs				241,372
Total Expenditures	<u>\$ 48,261,343</u>	<u>\$ 3,652,144</u>	<u>\$ 2,545,325</u>	<u>\$ 27,364,086</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (4,916,914)</u>	<u>\$ (249,885)</u>	<u>\$ 5,580,813</u>	<u>\$ (13,607,305)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 5,380,438	\$ 1,829,075	\$	\$ 5,733,746
Transfers Out		(1,919,431)	(6,861,163)	(805,000)
Note Payable Issued				2,897,500
Storm Water Revenue Bonds Issued				
General Obligation Bonds Issued				12,180,000
Premium on General Obligation Bonds				168,167
Total Other Financing Sources (Uses)	<u>\$ 5,380,438</u>	<u>\$ (90,356)</u>	<u>\$ (6,861,163)</u>	<u>\$ 20,174,413</u>

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

	Other Governmental Funds		Total Governmental Funds
\$	4,284,678	\$	19,673,810
	1,781,272		1,781,272
			8,074,246
	1,211,924		1,211,924
			23,188,731
	281,164		2,282,006
	6,578,348		17,817,520
			3,846,763
	295,637		5,186,358
\$	<u>14,433,023</u>	\$	<u>83,062,630</u>

\$	781,293	\$	9,555,366
			25,409,173
	1,135,455		3,334,165
	3,611,986		5,767,752
			12,177,294
			1,222,358
	18,586		27,117,413
	4,468,925		4,468,925
	2,651,594		5,196,919
			241,372
\$	<u>12,667,839</u>	\$	<u>94,490,737</u>

\$ 1,765,184 \$ (11,428,107)

\$	9,015,828	\$	21,959,087
	(13,300,788)		(22,886,382)
			2,897,500
	4,673,746		4,673,746
			12,180,000
			168,167
\$	<u>388,786</u>	\$	<u>18,992,118</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, 2006**

	General Fund	Convention Center Fund	Hospitality Fee Fund	Capital Improvements Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	\$ 463,524	\$ (340,241)	\$ (1,280,350)	\$ 6,567,108
Fund Balances - Beginning	<u>8,801,738</u>	<u>(903,695)</u>	<u>2,023,191</u>	<u>13,759,146</u>
Fund Balances - Ending	<u>\$ 9,265,262</u>	<u>\$ (1,243,936)</u>	<u>\$ 742,841</u>	<u>\$ 20,326,254</u>

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

	<u>Other Governmental Funds</u>		<u>Total Governmental Funds</u>
\$	2,153,970	\$	7,564,011
	<u>6,843,209</u>		<u>30,523,589</u>
\$	<u><u>8,997,179</u></u>	\$	<u><u>38,087,600</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, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ 7,564,011
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 capital outlays (\$27,117,413) exceeded depreciation (\$4,131,136) in the current period.	22,986,277
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	6,550,260
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.	(15,209,116)
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.	1,293,909
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>(452,440)</u>
Change in Net Assets of Governmental Activities	\$ <u>22,732,901</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, 2006

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
ASSETS			
Current Assets:			
Cash and Temporary Investments	\$ 17,969,590	\$ 28,774	\$ 10,877
Receivables (Net):			
Accounts	1,975,173		30,477
Intergovernmental	9,479	260,529	
Due From Other Funds	4,387,357		
Inventories	552,232		103,564
Prepaid Assets			5,378
Total Current Assets	<u>\$ 24,893,831</u>	<u>\$ 289,303</u>	<u>\$ 150,296</u>
Noncurrent Assets:			
Intergovernmental Receivable	\$	\$ 2,023,500	\$
Restricted Cash and Temporary Investments	1,322,243	935,287	
Land and Construction in Progress	1,781,006	5,600,000	
Other Capital Assets (Net)	82,946,759	6,115,956	425,831
Deferred Bond Issuance Costs (Net)		219,608	
Total Noncurrent Assets	<u>\$ 86,050,008</u>	<u>\$ 14,894,351</u>	<u>\$ 425,831</u>
Total Assets	<u>\$ 110,943,839</u>	<u>\$ 15,183,654</u>	<u>\$ 576,127</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,005,783	\$ 5,748	\$ 115,596
Due to Other Fund		1,295,599	1,575,229
Advance From Other Fund			46,479
Capital Lease Obligations			
Payable From Restricted Assets:			
Customer Deposits	1,322,243		
Interest Payable		182,711	
County Renewal and Replacement Fund		90,000	
Certificates of Participation		445,000	
Total Current Liabilities	<u>\$ 2,328,026</u>	<u>\$ 2,019,058</u>	<u>\$ 1,737,304</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	\$ 18,009,276	\$ 1,502,198
102,163	2,107,813	50,841
36,157	306,165	
	4,387,357	
12,544	668,340	149,380
	5,378	
<u>\$ 150,899</u>	<u>\$ 25,484,329</u>	<u>\$ 1,702,419</u>
\$	\$ 2,023,500	\$
	2,257,530	
	7,381,006	
1,058,541	90,547,087	6,371,922
	219,608	
<u>\$ 1,058,541</u>	<u>\$ 102,428,731</u>	<u>\$ 6,371,922</u>
<u>\$ 1,209,440</u>	<u>\$ 127,913,060</u>	<u>\$ 8,074,341</u>
\$ 192,505	\$ 1,319,632	\$ 701,854
1,516,529	4,387,357	758,078
	46,479	
		429,979
	1,322,243	
	182,711	
	90,000	
	445,000	
<u>\$ 1,709,034</u>	<u>\$ 7,793,422</u>	<u>\$ 1,889,911</u>

A-7 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
LIABILITIES (continued)			
Noncurrent Liabilities:			
Compensated Absences	\$ 70,863	\$	\$ 19,980
Unreported Insurance Claims			
Advance From Other Fund			210,350
Capital Lease Obligations			
Certificates of Participation (Net)		7,144,209	
Deferred Revenue	172,330		
Total Noncurrent Liabilities	\$ 243,193	\$ 7,144,209	\$ 230,330
 Total Liabilities	 \$ 2,571,219	 \$ 9,163,267	 \$ 1,967,634
 NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 84,727,765	\$ 6,641,354	\$ 425,831
Restricted for:			
Renewal and Replacement		210,000	
Debt Service		452,576	
Unrestricted	23,644,855	(1,283,543)	(1,817,338)
 Total Net Assets	 \$ 108,372,620	 \$ 6,020,387	 \$ (1,391,507)

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>
\$ 31,002	\$ 121,845	\$ 11,046
		2,277,386
	210,350	
		2,897,610
	7,144,209	
	172,330	
<u>\$ 31,002</u>	<u>\$ 7,648,734</u>	<u>\$ 5,186,042</u>
<u>\$ 1,740,036</u>	<u>\$ 15,442,156</u>	<u>\$ 7,075,953</u>
\$ 1,058,541	\$ 92,853,491	\$ 3,044,333
	210,000	
	452,576	
<u>(1,589,137)</u>	<u>18,954,837</u>	<u>(2,045,945)</u>
<u>\$ (530,596)</u>	<u>\$ 112,470,904</u>	<u>\$ 998,388</u>
	<u>(1,026,291)</u>	
	<u>\$ 111,444,613</u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
OPERATING REVENUES			
Charges for Services	\$ 24,211,067	\$ 22,064	\$ 1,334,897
Miscellaneous	16,730		
Total Operating Revenues	<u>\$ 24,227,797</u>	<u>\$ 22,064</u>	<u>\$ 1,334,897</u>
OPERATING EXPENSES			
Administration	\$ 5,547,037		\$ 576,751
Operations	10,889,618	153,110	668,183
Depreciation	5,636,978	390,848	45,908
Total Operating Expenses	<u>\$ 22,073,633</u>	<u>\$ 543,958</u>	<u>\$ 1,290,842</u>
Operating Income (Loss)	<u>\$ 2,154,164</u>	<u>\$ (521,894)</u>	<u>\$ 44,055</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 590,974	\$ 83,840	
Miscellaneous Revenue	213,315		1,626
Gain (Loss) on Disposal of Capital Assets			2,850
Interest and Fiscal Charges	(2,010,348)	(373,769)	(77,942)
Amortization of Bond Issuance Costs	(52,065)	(18,301)	
Total Nonoperating Revenues (Expenses)	<u>\$ (1,258,124)</u>	<u>\$ (308,230)</u>	<u>\$ (73,466)</u>
Income (Loss) Before Contributions, Special Item, Extraordinary Item and Transfers	\$ 896,040	\$ (830,124)	\$ (29,411)
Capital Contributions	6,295,323		
Special Item			
Loss on Sale of Water and Wastewater Plant	(18,577,670)		
Extraordinary Item			
Loss on Extinguishment of Debt	(1,844,003)		
Transfers In		<u>677,295</u>	
Change in Net Assets (carried forward)	<u>\$ (13,230,310)</u>	<u>\$ (152,829)</u>	<u>\$ (29,411)</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>
\$ 3,101,765	\$ 28,669,793	\$ 7,194,693
20,150	36,880	
<u>\$ 3,121,915</u>	<u>\$ 28,706,673</u>	<u>\$ 7,194,693</u>
\$ 606,093	\$ 6,729,881	\$ 445,403
2,759,885	14,470,796	5,586,051
85,633	6,159,367	1,835,872
<u>\$ 3,451,611</u>	<u>\$ 27,360,044</u>	<u>\$ 7,867,326</u>
\$ (329,696)	\$ 1,346,629	\$ (672,633)
\$	\$ 674,814	\$ 36,161
15,217	230,158	868
	2,850	(23,885)
(53,953)	(2,516,012)	(194,531)
	(70,366)	
<u>\$ (38,736)</u>	<u>\$ (1,678,556)</u>	<u>\$ (181,387)</u>
\$ (368,432)	\$ (331,927)	\$ (854,020)
	6,295,323	
	(18,577,670)	
	(1,844,003)	
<u>250,000</u>	<u>927,295</u>	<u></u>
\$ (118,432)	\$ (13,530,982)	\$ (854,020)

A-8 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2006**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
Change in Net Assets (brought forward)	\$ (13,230,310)	\$ (152,829)	\$ (29,411)
Total Net Assets - Beginning	<u>121,602,930</u>	<u>6,173,216</u>	<u>(1,362,096)</u>
Total Net Assets - Ending	<u>\$ 108,372,620</u>	<u>\$ 6,020,387</u>	<u>\$ (1,391,507)</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>
\$ (118,432)	\$ (13,530,982)	\$ (854,020)
<u>(412,164)</u>		<u>1,852,408</u>
\$ <u><u>(530,596)</u></u>		\$ <u><u>998,388</u></u>
	<u>(401,580)</u>	
	\$ <u><u>(13,932,562)</u></u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers	\$ 23,426,054	\$ 22,394	\$ 1,323,226
Receipts From Interfund Services Provided			
Payments to Suppliers	(10,847,563)	(49,636)	(653,788)
Payments to Employees	(3,986,358)	(11,375)	(575,947)
Payments for Interfund Services Used	(2,213,869)	(94,598)	(34,923)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 6,378,264</u>	<u>\$ (133,215)</u>	<u>\$ 58,568</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	\$	\$ 677,295	\$
Proceeds From Interfund Loan		67,315	60,791
Payments for Interfund Loans	(296,758)		
Principal Payments on Interfund Advance			(44,267)
Interest Payments on Interfund Loans			(77,942)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$ (296,758)</u>	<u>\$ 744,610</u>	<u>\$ (61,418)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	\$ 4,187,109	\$	\$
Payment to Escrow Agent for Extinguishment of Debt	(24,605,459)		
Principal Payments on Long-Term Debt	(2,394,844)	(425,000)	
Interest Payments on Long-Term Debt	(2,113,118)	(374,347)	
Payment of Bond Administration Fees	(10,274)	(3,282)	
Purchases of Capital Assets	(2,257,749)		
Proceeds From Disposal of Capital Assets	27,006,312		2,850
Net Cash and Cash Equivalents Provided (Used) by Capital and Related Financing Activities	<u>\$ (188,023)</u>	<u>\$ (802,629)</u>	<u>\$ 2,850</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Purchases	\$ (2,636,580)	\$	\$
Investment Maturities	3,999,603		
Collections on Intergovernmental Receivable		129,923	
Interest Received	590,974	83,840	
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 1,953,997</u>	<u>\$ 213,763</u>	<u>\$</u>

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 3,106,280	\$ 27,877,954	\$ 7,194,693
(1,621,028)	(13,172,015)	(3,812,558)
(1,009,775)	(5,583,455)	(377,264)
(758,918)	(3,102,308)	
		(1,037,944)
<u>\$ (283,441)</u>	<u>\$ 6,020,176</u>	<u>\$ 1,966,927</u>
\$ 250,000	\$ 927,295	\$ 42,105
168,652	296,758	
	(296,758)	
	(44,267)	
<u>(53,953)</u>	<u>(131,895)</u>	<u>(10,778)</u>
<u>\$ 364,699</u>	<u>\$ 751,133</u>	<u>\$ 31,327</u>
\$	\$ 4,187,109	\$
	(24,605,459)	
	(2,819,844)	(424,922)
	(2,487,465)	(209,617)
	(13,556)	
(81,223)	(2,338,972)	(2,126,006)
	27,009,162	1,330
<u>(81,223)</u>	<u>(1,069,025)</u>	<u>(2,759,215)</u>
\$	\$ (2,636,580)	\$
	3,999,603	
	129,923	
	674,814	36,161
<u></u>	<u>2,167,760</u>	<u>36,161</u>

A-9 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 7,847,480	\$ 22,529	\$
Cash and Cash Equivalents - Beginning	<u>11,444,353</u>	<u>941,532</u>	<u>10,877</u>
Cash and Cash Equivalents - Ending	<u>\$ 19,291,833</u>	<u>\$ 964,061</u>	<u>\$ 10,877</u>

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

Operating Income (Loss)	\$ 2,154,164	\$ (521,894)	\$ 44,055
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	5,636,978	390,848	45,908
(Increase) Decrease in Accounts Receivable (Net)	(1,046,911)	810	(13,297)
(Increase) in Inventories	(43,083)		(5,926)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(568,052)	(2,499)	(13,798)
Increase in Customer Deposits Payable	33,545		
Increase in Unreported Insurance Claims			
(Decrease) in Deferred Revenue	(1,692)	(480)	
Miscellaneous Receipts	<u>213,315</u>		<u>1,626</u>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 6,378,264</u>	<u>\$ (133,215)</u>	<u>\$ 58,568</u>

Noncash Capital and Related Financing Activities

Fair Value of Capital Asset Contributions	\$ 2,108,214	\$
Book Value of Capital Asset Disposals	61,522,709	
Revenue Bonds Assumed by Purchaser in Conjunction With Sale of Water and Wastewater Plant	15,938,727	

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 35	\$ 7,870,044	\$ (724,800)
	<u>12,396,762</u>	<u>2,226,998</u>
<u>\$ 35</u>	<u>\$ 20,266,806</u>	<u>\$ 1,502,198</u>

\$ (329,696) \$ 1,346,629 \$ (672,633)

85,633	6,159,367	1,835,872
(30,852)	(1,090,250)	(44,578)
(1,125)	(50,134)	(38,014)
(22,618)	(606,967)	320,603
	33,545	
		564,809
	(2,172)	
<u>15,217</u>	<u>230,158</u>	<u>868</u>
<u>\$ (283,441)</u>	<u>\$ 6,020,176</u>	<u>\$ 1,966,927</u>

\$ \$ 2,108,214 \$
 61,522,709 25,215
 15,938,727

A-9 (Continued)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended June 30, 2006

Enterprise Funds		
Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund

Reconciliation of Cash and Cash Equivalents

Unrestricted Cash and Temporary Investments	\$ 17,969,590	\$ 28,774	\$ 10,877
Restricted Cash and Temporary Investments	<u>1,322,243</u>	<u>935,287</u>	<u>10,877</u>
	<u>\$ 19,291,833</u>	<u>\$ 964,061</u>	<u>\$ 10,877</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	\$ 18,009,276	\$ 1,502,198
	2,257,530	
<u>\$ 35</u>	<u>\$ 20,266,806</u>	<u>\$ 1,502,198</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2006

ASSETS

Cash and Temporary Investments	\$ <u>12,714</u>
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LIABILITIES

Due to Firemen's Association	\$ <u>12,714</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, 2006

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 (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant GASB pronouncements. The City is also required to apply, when applicable, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) 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, 2006

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, 2006

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 *Hospitality Fee Fund* is a special revenue fund that is used to account for a 1% fee imposed on accommodations, paid places of amusement and food and beverages served by a food facility for the purpose of tourism related expenditures.

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 self 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
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

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 and judgments, are recorded only when payment is due.

The City considers property taxes, local accommodations taxes, hospitality fees, storm water 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.

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

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, lighting systems, 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

GASB 34 required the City to report and depreciate new infrastructure assets effective beginning July 1, 2002. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for the fiscal year ending 2007. The City will implement the retroactive infrastructure provisions during the fiscal year ending June 30, 2007.

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

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.

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 \$19,397,931 of total restricted net assets, of which \$10,384,989 is restricted by enabling legislation.

In the governmental fund financial statements, equity is classified as fund balance. Fund balance is reserved for amounts that are not available for appropriation or are legally restricted for a specific purpose. Fund balance designations represent tentative management plans that are subject to change.

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 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

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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, \$126,655,486, follows:

Bonds Payable (Net)	\$ 120,931,661
Note Payable	2,897,500
Capital Lease Obligations	620,046
Compensated Absences	2,688,575
Judgment	930,537
Accrued Interest Payable	1,357,378
Deferred Bond Issuance Costs (Net)	<u>(2,770,211)</u>
	<u>\$ 126,655,486</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, \$15,209,116, is comprised of the following:

Note Payable Issued	\$ 2,897,500
Storm Water Revenue Bonds Issued	4,673,746
General Obligation Bonds Issued	12,180,000
Premium on General Obligation Bonds	168,167
Principal Repayments	(4,468,925)
Bond Issuance Costs	<u>(241,372)</u>
	<u>\$ 15,209,116</u>

The details of another element in the reconciliation that relates to expenses, \$1,293,909, follows:

Compensated Absences	\$ (183,237)
Judgment	1,841,974
Accrued Interest	(158,025)
Amortization of Bond Issuance Costs	(155,779)
Amortization of Bond Discounts and Premiums	39,053
Amortization of Loss on Advance Refunding	<u>(90,077)</u>
	<u>\$ 1,293,909</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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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, 2006, 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, 2006 were as follows:

Convention Center Fund	\$ 1,243,936
Municipal Golf Course Fund	1,391,507
Solid Waste Management Fund	530,596
Internal Service Fund:	
Self Insurance Fund	2,587,397

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 \$33,113,785 and the financial institutions' balances totaled \$30,941,143, including certificates of deposit. Of that balance, \$720,628 was covered by federal depository insurance and \$30,220,515 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$11,226 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 \$873,896 and the financial institutions' balances totaled \$697,108. Of that balance, \$100,000 was covered by federal depository insurance and \$597,108 was collateralized with securities held by the pledging financial institutions' trust department in the MBDRC's name. At year-end, cash on hand totaled \$4,707.

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 \$453,743 and the financial institutions' balances totaled \$248,113. Of that balance, \$184,565 was covered by federal depository insurance and \$63,548 was uninsured and uncollateralized. At year-end, cash on hand totaled \$32,000.

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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B. Investments

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

	<u>Maturities</u>	<u>Standard & Poor's Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreement	7/3/06	Not Rated	\$ 4,224,000	16.00%
Money Market Mutual Funds	N/A	AAA	7,032,623	26.64
Deposit with SCLGAG	N/A	Not Rated	8,105	0.03
State Treasurer's Investment Pool	N/A	Not Rated	<u>15,130,132</u>	<u>57.33</u>
			<u>\$ 26,394,860</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 limits investment maturities to a maximum of one year.

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

	<u>Maturities</u>	<u>Standard & Poor's Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Federal Home Loan Bank	9/29/06	AAA	\$ 591,333	18.63%
Money Market Mutual Funds	N/A	AAA	<u>2,583,237</u>	<u>81.37</u>
			<u>\$ 3,174,570</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, 2006, including the applicable allowances for doubtful accounts, are as follows:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Hospitality Fee Fund</u>	<u>Capital Improvements Fund</u>	<u>Water and Sewer Fund</u>
Property Taxes	\$ 1,745,129	\$	\$	\$	\$
Local Accommodations Taxes					
Hospitality Fees			1,135,262		
Storm Water Fees					
Accounts	2,610,551	49,682		683,119	2,511,384
Intergovernmental	827,612	46,083		922,225	9,479
Loans				<u>200,000</u>	
	<u>\$ 5,183,292</u>	<u>\$ 95,765</u>	<u>\$ 1,135,262</u>	<u>\$ 1,805,344</u>	<u>\$ 2,520,863</u>
Allowances for Doubtful Accounts	<u>(2,189,456)</u>	<u></u>	<u>(23,913)</u>	<u></u>	<u>(536,211)</u>
	<u>\$ 2,993,836</u>	<u>\$ 95,765</u>	<u>\$ 1,111,349</u>	<u>\$ 1,805,344</u>	<u>\$ 1,984,652</u>

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	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property Taxes	\$	\$	\$	\$ 3,005	\$ 1,748,134
Local Accommodations Taxes				269,719	269,719
Hospitality Fees					1,135,262
Storm Water Fees				78,355	78,355
Accounts		30,477	242,957	50,841	6,179,011
Intergovernmental	2,284,029		36,157	2,209,208	6,334,793
Loans				722,066	922,066
	<u>\$ 2,284,029</u>	<u>\$ 30,477</u>	<u>\$ 279,114</u>	<u>\$ 3,333,194</u>	<u>\$ 16,667,340</u>
Allowances for Doubtful Accounts			(140,794)	(29,512)	(2,919,886)
	<u>\$ 2,284,029</u>	<u>\$ 30,477</u>	<u>\$ 138,320</u>	<u>\$ 3,303,682</u>	<u>\$ 13,747,454</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, 2006, the intergovernmental receivable in the Baseball Stadium Fund, relating to this agreement, is to be collected as follows:

Year Ending June 30, 2007	\$ 138,000
2008	144,000
2009	151,500
2010	157,500
2011	165,000
2012 - 2016	954,000
2017 - 2018	451,500
	<u>\$ 2,161,500</u>

The \$200,000 loan receivable in the Capital Improvements Fund relates to improvements within the 21st Avenue planned urban development and is past due. 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, 2006, amounts due to / from other funds were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 5,775,598	\$
Convention Center Fund		980,840
Hospitality Fee Fund		563,056
Nonmajor Governmental Funds		3,473,624
Internal Service Fund		758,078
Water and Sewer Fund	4,387,357	
Baseball Stadium Fund		1,295,599
Municipal Golf Course Fund		1,575,229
Solid Waste Management Fund		1,516,529
	<u>\$ 10,162,955</u>	<u>\$ 10,162,955</u>

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The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from the Hospitality Fee Fund, a nonmajor governmental fund (\$1,072,314) and the internal service fund 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.

At June 30, 2006, the outstanding balances of an interfund advance were as follows:

	Receivable	Payable
Capital Improvements Fund	\$ 256,829	\$
Municipal Golf Course Fund		256,829
	\$ 256,829	\$ 256,829

The terms of the interfund advance require annual payments of principal and interest in the amount of \$59,321. The advance bears interest at a rate of 5.0% per annum. Payments are scheduled through the fiscal year ending June 30, 2011.

Interfund transfers during the year ended June 30, 2006 were as follows:

Transfers In	Transfers Out				Totals
	Convention Center Fund	Hospitality Fee Fund	Capital Improvements Fund	Nonmajor Governmental Funds	
General Fund	\$	\$ 1,500,000	\$ 625,000	\$ 3,255,438	\$ 5,380,438
Convention Center Fund		1,080,000	180,000	569,075	1,829,075
Capital Improvements Fund		1,000,000		4,733,746	5,733,746
Nonmajor Governmental Funds	1,919,431	2,353,868		4,742,529	9,015,828
Baseball Stadium Fund		677,295			677,295
Solid Waste Management Fund		250,000			250,000
	\$ 1,919,431	\$ 6,861,163	\$ 805,000	\$ 13,300,788	\$ 22,886,382

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, 2006, amounts due to the City from its discretely presented component unit were as follows:

	Receivable	Payable
Primary Government:		
General Fund	\$ 102,692	\$
Convention Center Fund	6,545,297	
Hospitality Fee Fund	205,076	
MBCCHC		6,853,065
	\$ 6,853,065	\$ 6,853,065

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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% 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, 2006, rent expense for this lease amounted to \$2,895,921. Minimum future rental payments for the fixed component of this lease as of June 30, 2006 are as follows:

Year Ending June 30, 2007	\$	2,483,688
2008		2,483,688
2009		2,483,688
2010		2,483,688
2011		2,963,688
2012 - 2016		14,820,270
2017 - 2021		16,587,690
2022 - 2026		19,130,402
2027 - 2031		19,040,250
2032 - 2036		19,026,750
		<u>\$ 101,503,802</u>

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, 2006:

Governmental Activities:		
General Fund:		
Court Bonds	\$	724,490
Confiscated and Seized Funds		316,588
Deposit with SCLGAG		8,105
Grant Funds		19,184
Refundable Deposits		397,454
Other		242,637
Hospitality Fee Fund:		
Revenue Bond Accounts		1,192
Capital Improvements Fund:		
Bond Proceeds		3,948,381
PUD Improvements		788,215
Hospitality Fees		6,600,061
Other		123,074
Nonmajor Governmental Funds:		
Certificates of Participation Accounts		1,322,909
Tax Increment Revenue Bond Accounts		4,027,412
Storm Water Revenue Bond Account		791,258
		<u>\$ 19,310,960</u>

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Business-Type Activities:

Water and Sewer Fund:		\$ 1,322,243
Customer Deposits		
Baseball Stadium Fund:		
Certificates of Participation Accounts		635,287
Renewal and Replacement Accounts		<u>300,000</u>
		<u>\$ 2,257,530</u>

At June 30, 2006, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$1,162,745.

Note 9 - CAPITAL ASSETS (NET)

The City's capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 9,262,761	\$ 12,889,341	\$	\$ 22,152,102
Construction-in-Progress	<u>15,747,340</u>	<u>7,093,687</u>	<u>10,956,920</u>	<u>11,884,107</u>
	<u>\$ 25,010,101</u>	<u>\$ 19,983,028</u>	<u>\$ 10,956,920</u>	<u>\$ 34,036,209</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 2,339,979	\$ 532,530	\$	\$ 2,872,509
Buildings and Improvements	60,142,327	3,935,114		64,077,441
Furniture, Vehicles and Equipment	29,730,906	2,616,322	257,087	32,090,141
Infrastructure	<u>31,108,639</u>	<u>16,633,437</u>		<u>47,742,076</u>
	<u>\$ 123,321,851</u>	<u>\$ 23,717,403</u>	<u>\$ 257,087</u>	<u>\$ 146,782,167</u>
Accumulated Depreciation for:				
Land Improvements	\$ (599,362)	\$ (121,505)	\$	\$ (720,867)
Buildings and Improvements	(21,290,380)	(2,064,075)		(23,354,455)
Furniture, Vehicles and Equipment	(20,932,338)	(2,656,549)	(231,872)	(23,357,015)
Infrastructure	<u>(1,536,088)</u>	<u>(1,124,880)</u>		<u>(2,660,968)</u>
	<u>\$ (44,358,168)</u>	<u>\$ (5,967,009)</u>	<u>\$ (231,872)</u>	<u>\$ (50,093,305)</u>
Capital Assets (Net)	<u>\$ 103,973,784</u>	<u>\$ 37,733,422</u>	<u>\$ 10,982,135</u>	<u>\$ 130,725,071</u>
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 5,964,899	\$	\$	\$ 5,964,899
Construction-in-Progress	<u>1,434,466</u>	<u>1,116,974</u>	<u>1,135,333</u>	<u>1,416,107</u>
	<u>\$ 7,399,365</u>	<u>\$ 1,116,974</u>	<u>\$ 1,135,333</u>	<u>\$ 7,381,006</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 1,121,577	\$	\$	\$ 1,121,577
Buildings and Improvements	34,318,170		23,792,422	10,525,748
Distribution System	196,047,460	4,138,603	73,385,241	126,800,822
Furniture, Vehicles and Equipment	<u>5,491,411</u>	<u>326,943</u>	<u>845,091</u>	<u>4,973,263</u>
	<u>\$ 236,978,618</u>	<u>\$ 4,465,546</u>	<u>\$ 98,022,754</u>	<u>\$ 143,421,410</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities (continued):				
Accumulated Depreciation for:				
Land Improvements	\$ (327,185)	\$ (47,280)	\$	\$ (374,465)
Buildings and Improvements	(12,294,684)	(1,032,524)	(9,725,888)	(3,601,320)
Distribution System	(65,942,234)	(4,851,252)	(26,031,205)	(44,762,281)
Furniture, Vehicles and Equipment	<u>(4,650,898)</u>	<u>(228,311)</u>	<u>(742,952)</u>	<u>(4,136,257)</u>
	<u>\$ (83,215,001)</u>	<u>\$ (6,159,367)</u>	<u>\$ (36,500,045)</u>	<u>\$ (52,874,323)</u>
Capital Assets (Net)	<u>\$ 161,162,982</u>	<u>\$ (576,847)</u>	<u>\$ 62,658,042</u>	<u>\$ 97,928,093</u>

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

Governmental Activities:		
General Government	\$	275,588
Public Safety		710,135
Transportation		1,012,493
Community and Economic Development		352,374
Culture and Recreation		1,747,373
Public Works		33,174
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets		<u>1,835,872</u>
		<u>\$ 5,967,009</u>
Business-Type Activities:		
Water	\$	2,774,820
Sewer		2,862,158
Baseball Stadium		390,848
Municipal Golf Course		45,908
Solid Waste Management		<u>85,633</u>
		<u>\$ 6,159,367</u>

The MBDRC's capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Equipment	\$ <u>573,846</u>	\$ _____	\$ _____	\$ <u>573,846</u>
Accumulated Depreciation for:				
Equipment	\$ <u>(126,778)</u>	\$ <u>(101,422)</u>	\$ _____	\$ <u>(228,200)</u>
Capital Assets (Net)	<u>\$ 447,068</u>	<u>\$ (101,422)</u>	<u>\$ _____</u>	<u>\$ 345,646</u>

The MBCCHC's capital asset activity for the year ended June 30, 2006 was as follows:

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	<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			42,280,619
Furnishings and Equipment	<u>9,249,633</u>	<u>726,992</u>	<u>196,174</u>	<u>9,780,451</u>
	<u>\$ 52,068,960</u>	<u>\$ 726,992</u>	<u>\$ 196,174</u>	<u>\$ 52,599,778</u>
Accumulated Depreciation for:				
Land Improvements	\$ (65,094)	\$ (26,935)	\$	\$ (92,029)
Building	(2,554,454)	(1,057,016)		(3,611,470)
Furnishings and Equipment	<u>(4,267,297)</u>	<u>(1,811,713)</u>	<u>(52,313)</u>	<u>(6,026,697)</u>
	<u>\$ (6,886,845)</u>	<u>\$ (2,895,664)</u>	<u>\$ (52,313)</u>	<u>\$ (9,730,196)</u>
Capital Assets (Net)	<u>\$ 45,182,115</u>	<u>\$ (2,168,672)</u>	<u>\$ 143,861</u>	<u>\$ 42,869,582</u>

Note 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2006:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Capital Improvements Fund</u>	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>
Trade Accounts Payable	\$ 1,933,863	\$ 156,380	\$ 2,469,843	\$ 726,232	\$ 5,748
Accrued Salaries and Wages	741,668	35,875		58,290	
Compensated Absences				115,618	
Accrued Interest Payable					
Retainage Payable			<u>422,887</u>	<u>105,643</u>	
	<u>\$ 2,675,531</u>	<u>\$ 192,255</u>	<u>\$ 2,892,730</u>	<u>\$ 1,005,783</u>	<u>\$ 5,748</u>

	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Trade Accounts Payable	\$ 64,249	\$ 114,269	\$ 1,564,477	\$ 7,035,061
Accrued Salaries and Wages	18,749	27,653	28,239	910,474
Compensated Absences	32,598	50,583	18,022	216,821
Accrued Interest Payable			136,368	136,368
Retainage Payable				<u>528,530</u>
	<u>\$ 115,596</u>	<u>\$ 192,505</u>	<u>\$ 1,747,106</u>	<u>\$ 8,827,254</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Accrued Interest Payable	<u>1,357,378</u>
	<u>\$ 10,184,632</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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Note 11 - DEFERRED REVENUE

At June 30, 2006, deferred revenue was comprised of the following:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Hospitality Fee Fund</u>	<u>Capital Improvements Fund</u>
Property Taxes	\$ 506,050	\$	\$	\$
Ambulance Fees	559,957			
Grant Revenues	19,184			
Lease Revenues	30,375	6,545,297		
Contributions				200,000
Deposits		171,040		
Tap Fees				
Other	8,272	2,845	11,720	
	<u>\$ 1,123,838</u>	<u>\$ 6,719,182</u>	<u>\$ 11,720</u>	<u>\$ 200,000</u>

	<u>Water and Sewer Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property Taxes	\$	\$ 1,804	\$ 507,854
Ambulance Fees			559,957
Grant Revenues			19,184
Lease Revenues			6,575,672
Contributions			200,000
Deposits			171,040
Tap Fees	172,330		172,330
Other		608	23,445
	<u>\$ 172,330</u>	<u>\$ 2,412</u>	<u>\$ 8,229,482</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Property Taxes	(507,854)
Ambulance Fees	(559,957)
Lease Revenues	(6,545,297)
Contributions	(200,000)
Other	(14,098)
	<u>\$ 402,276</u>

Note 12 - LONG-TERM LIABILITIES

A. Governmental Activities

At June 30, 2006, long-term debt of the City's governmental activities was as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	<u>Original</u> <u>Issue Amount</u>	<u>Interest Rates</u>	<u>Final</u> <u>Maturity Date</u>	<u>Amount</u>
General Obligation Bonds:				
Series 1999	\$ 5,000,000	4.63 - 6.63%	3/1/15	\$ 3,435,000
Series 2001	2,460,000	4.75 - 5.10	3/1/17	1,935,000
Series 2002A	4,900,000	4.00 - 5.25	3/1/27	4,415,000
Series 2002B	6,270,000	4.00 - 5.25	3/1/27	5,680,000
Series 2003A	11,200,000	4.00 - 5.00	3/1/28	10,885,000
Refunding Series 2003B	4,800,000	2.00 - 4.00	3/1/14	3,835,000
Series 2006A	6,950,000	4.00 - 5.00	3/1/31	6,950,000
Series 2006B	2,730,000	4.00 - 5.00	3/1/31	2,730,000
Series 2006C	2,500,000	4.00 - 6.00	3/1/26	<u>2,500,000</u>
				<u>\$ 42,365,000</u>
 Certificates of Participation:				
Refunding Series 1998	21,385,000	3.60 - 5.00	7/1/17	\$ 15,035,000
Series 2002	4,130,000	3.00 - 4.75	6/1/23	<u>3,680,000</u>
				<u>\$ 18,715,000</u>
 Tax Increment Revenue Bonds:				
Refunding Series 2003	6,200,000	2.00 - 5.00	4/1/09	<u>\$ 3,345,000</u>
 Storm Water Revenue Bonds:				
Series 2004	11,075,871	3.25	5/1/27	<u>\$ 7,788,768</u>
 Hospitality Fee Revenue Bonds:				
Series 2004A	44,260,000	4.00 - 5.38	6/1/36	\$ 44,260,000
Series 2004B	5,400,000	5.38 - 5.75	6/1/19	<u>5,400,000</u>
				<u>\$ 49,660,000</u>
 Note Payable:				
2006	2,897,500	4.88	11/7/08	<u>\$ 2,897,500</u>
 Capital Lease Obligations:				
2001	3,147,535	5.94	8/10/08	\$ 2,279,870
2002	533,684	3.81	10/1/07	141,897
2004	42,258	3.17	2/27/07	9,739
2004	985,936	4.05	4/1/12	905,822
2004	750,000	3.56	10/14/09	<u>610,307</u>
				<u>\$ 3,947,635</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 30,2007	\$ 1,570,000	\$ 1,824,207	\$ 3,394,207
2008	1,635,000	1,897,703	3,532,703
2009	1,950,000	1,830,202	3,780,202
2010	2,025,000	1,747,315	3,772,315
2011	2,110,000	1,661,183	3,771,183
2012 - 2016	10,330,000	6,813,202	17,143,202
2017 - 2021	7,820,000	4,741,828	12,561,828
2022 - 2026	9,630,000	2,718,211	12,348,211
2027 - 2031	<u>5,295,000</u>	<u>581,857</u>	<u>5,876,857</u>
	<u>\$ 42,365,000</u>	<u>\$ 23,815,708</u>	<u>\$ 66,180,708</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 30,2007	\$ 1,115,000	\$ 859,230	\$ 1,974,230
2008	1,170,000	810,735	1,980,735
2009	1,220,000	758,785	1,978,785
2010	1,270,000	704,025	1,974,025
2011	1,330,000	645,690	1,975,690
2012 - 2016	7,635,000	2,197,507	9,832,507
2017 - 2021	4,390,000	476,188	4,866,188
2022 - 2023	<u>585,000</u>	<u>42,037</u>	<u>627,037</u>
	<u>\$ 18,715,000</u>	<u>\$ 6,494,197</u>	<u>\$ 25,209,197</u>

Tax Increment Revenue Bonds

Tax increment revenue bonds were issued to provide funds to finance the cost of certain capital improvements within the City's center city redevelopment area. 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 area. These bonds are secondarily secured by Water and Sewer Fund revenues. 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 30,2007	\$ 1,070,000	\$ 156,550	\$ 1,226,550
2008	1,110,000	113,750	1,223,750
2009	<u>1,165,000</u>	<u>58,250</u>	<u>1,223,250</u>
	<u>\$ 3,345,000</u>	<u>\$ 328,550</u>	<u>\$ 3,673,550</u>

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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:

	Principal	Interest	Total
Year Ending June 30, 2007	\$	\$	\$
2008	508,327	246,981	755,308
2009	525,050	230,258	755,308
2010	542,323	212,985	755,308
2011	560,164	195,144	755,308
2012 - 2016	3,089,677	686,864	3,776,541
2017 - 2020	<u>2,563,227</u>	<u>163,224</u>	<u>2,726,451</u>
	<u>\$ 7,788,768</u>	<u>\$ 1,735,456</u>	<u>\$ 9,524,224</u>

The storm water revenue bonds were issued through the State of South Carolina's water quality revolving fund loan program. The storm water revenue bonds total \$11,075,871. Proceeds of the storm water revenue bonds are received when eligible costs are incurred for the drainage improvement project. Accordingly, an additional \$3,287,103 of storm water revenue bond proceeds will be received by the City.

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:

	Principal	Interest	Total
Year Ending June 30, 2007	\$	\$	\$
2008		2,545,325	2,545,325
2009		2,545,325	2,545,325
2010		2,545,325	2,545,325
2011	555,000	2,545,325	3,100,325
2012 - 2016	3,250,000	12,258,569	15,508,569
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	<u>16,475,000</u>	<u>2,551,750</u>	<u>19,026,750</u>
	<u>\$ 49,660,000</u>	<u>\$ 53,881,319</u>	<u>\$ 103,541,319</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. The loan contains an option to extend the maturity date of the note for an additional two year period. Annual debt service requirements to maturity for the note payable are as follows:

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	Principal	Interest	Total
Year Ending June 30, 2007	\$	\$	\$
2008			
2009	2,897,500	342,103	3,239,603
	\$ 2,897,500	\$ 342,103	\$ 3,239,603

Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of equipment. At June 30, 2006, the gross amount of equipment recorded under capital leases totaled \$5,459,413. 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, 2006 are as follows:

Year Ending June 30, 2007			\$	781,594
2008				742,543
2009				2,168,409
2010				298,671
2011				132,275
2012				404,188
Total Minimum Lease Payments			\$	4,527,680
Amount Representing Interest				(580,045)
Present Value of Minimum Lease Payments			\$	3,947,635

B. Business-Type Activities

Long-term debt of the City's business-type activities consisted of the following at June 30, 2006:

	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
Certificates of Participation: Series 1998	\$ 10,295,000	3.65 - 5.00%	7/1/18	\$ <u>7,650,000</u>

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:

	Principal	Interest	Total
Year Ending June 30, 2007	\$ 445,000	\$ 355,855	\$ 800,855
2008	460,000	336,283	796,283
2009	480,000	315,598	795,598
2010	505,000	293,555	798,555
2011	525,000	270,117	795,117
2012 - 2016	3,030,000	939,680	3,969,680
2017 - 2019	2,205,000	168,875	2,373,875
	\$ 7,650,000	\$ 2,679,963	\$ 10,329,963

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C. MBDRC

Long-term debt outstanding at June 30, 2006 in the MBDRC was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Note Payable	\$ 600,000	4.00%	9/1/08	\$ <u>450,000</u>

The note payable is to be repaid with parking meter revenues. 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, 2007	\$ 150,000	\$ 18,250	\$ 168,250
2008	150,000	12,167	162,167
2009	<u>150,000</u>	<u>6,100</u>	<u>156,100</u>
	<u>\$ 450,000</u>	<u>\$ 36,517</u>	<u>\$ 486,517</u>

D. MBCCHC

Long-term debt outstanding at June 30, 2006 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%	4/1/36	\$ <u>22,535,000</u>
Notes Payable:				
Operator Loan	1,000,000	0.00	9/27/15	\$ 1,000,000
Conversion Loan	905,000	10.00	9/27/12	905,000
Key Money Loan	500,000	0.00	9/27/15	500,000
Mezzanine Loan	500,000	10.00	9/27/15	<u>500,000</u>
				<u>\$ 2,905,000</u>

Revenue Bonds

The revenue bonds were issued through the South Carolina Jobs-Economic Development Authority (SCJEDA) to construct a convention center hotel. Since SCJEDA assumes no responsibility for the repayment of the obligations, the revenue bonds are considered conduit debt of SCJEDA. Accordingly, the revenue bonds are not recorded as liabilities of SCJEDA, but are considered liabilities of the MBCCHC.

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 account. Annual debt service requirements to maturity for the revenue bonds are as follows:

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2007	\$ 350,000	\$ 1,148,968	\$ 1,498,968
2008	365,000	1,134,967	1,499,967
2009	380,000	1,119,911	1,499,911
2010	395,000	1,103,951	1,498,951
2011	410,000	1,086,966	1,496,966
2012 - 2016	2,355,000	5,134,650	7,489,650
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>\$ 22,535,000</u>	<u>\$ 22,399,882</u>	<u>\$ 44,934,882</u>

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2007	\$ 50,000	\$ 142,451	\$ 192,451
2008	50,000	142,842	192,842
2009	273,259	134,927	408,186
2010	347,678	106,006	453,684
2011	347,678	75,825	423,503
2012 - 2016	<u>1,836,385</u>	<u>85,956</u>	<u>1,922,341</u>
	<u>\$ 2,905,000</u>	<u>\$ 688,007</u>	<u>\$ 3,593,007</u>

E. Changes in Long-Term Liabilities

The City's long-term liability activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 32,400,000	\$ 12,180,000	\$ 2,215,000	\$ 42,365,000	\$ 1,570,000
Certificates of Participation	19,790,000		1,075,000	18,715,000	1,115,000
Tax Increment Revenue Bonds	4,370,000		1,025,000	3,345,000	1,070,000
Storm Water Revenue Bonds	3,115,022	4,673,746		7,788,768	
Hospitality Fee Revenue Bonds	49,660,000			49,660,000	
Unamortized Bond Discount	(1,087,666)		(39,037)	(1,048,629)	
Unamortized Bond Premium	374,886	168,167	78,090	464,963	
Unamortized Loss on Advance Refunding	<u>(448,518)</u>		<u>(90,077)</u>	<u>(358,441)</u>	
Subtotal (carried forward)	\$ 108,173,724	\$ 17,021,913	\$ 4,263,976	\$ 120,931,661	\$ 3,755,000

CITY OF MYRTLE BEACH, SOUTH CAROLINA
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities (continued):					
Subtotal (brought forward)	\$ 108,173,724	\$ 17,021,913	\$ 4,263,976	\$ 120,931,661	\$ 3,755,000
Note Payable		2,897,500		2,897,500	
Capital Lease Obligations	4,526,482		578,847	3,947,635	584,385
Judgment	2,772,511		1,841,974	930,537	388,719
Unreported Insurance Claims	2,380,434	6,877,261	6,211,315	3,046,380	768,994
Compensated Absences	2,546,138	1,727,308	1,555,803	2,717,643	1,684,939
	<u>\$ 120,399,289</u>	<u>\$ 28,523,982</u>	<u>\$ 14,451,915</u>	<u>\$ 134,471,356</u>	<u>\$ 7,182,037</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(18,022)	(18,022)
Unreported Insurance Claims Included in Liabilities Payable From Restricted Assets	(768,994)	(768,994)
	<u>\$ 133,684,340</u>	<u>\$ 6,395,021</u>

Business-Type Activities:

Bonds Payable:

Revenue Bonds	\$ 41,568,571	\$	\$ 41,568,571	\$	
Certificates of Participation	8,075,000		425,000	7,650,000	445,000
Unamortized Bond Discounts	(140,286)		(79,496)	(60,790)	
Unamortized Bond Premium	1,319,730		1,319,730		
Unamortized Loss on Advance Refundings	(1,509,691)		(1,509,691)		
	<u>\$ 49,313,324</u>	<u>\$</u>	<u>\$ 41,724,114</u>	<u>\$ 7,589,210</u>	<u>\$ 445,000</u>
Compensated Absences	440,920	178,516	298,793	320,643	198,799
	<u>\$ 49,754,244</u>	<u>\$ 178,516</u>	<u>\$ 42,022,907</u>	<u>\$ 7,909,853</u>	<u>\$ 643,799</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(198,799)	(198,799)
Bonds Payable Included in Liabilities Payable From Restricted Assets	(445,000)	(445,000)
	<u>\$ 7,266,054</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 \$29,068, capital lease obligations of \$3,327,589 and unreported insurance claims of \$2,277,386 are included in the above amounts.

For governmental activities, unreported insurance claims and judgments are generally liquidated by the General Fund. 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, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note Payable	\$ 600,000	\$	\$ 150,000	\$ 450,000	\$ 150,000
Compensated Absences	8,843	6,721	3,774	11,790	7,310
	<u>\$ 608,843</u>	<u>\$ 6,721</u>	<u>\$ 153,774</u>	<u>\$ 461,790</u>	<u>\$ 157,310</u>

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The MBCCHC's long-term liability activity for the year ended June 30, 2006 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	\$ 22,870,000	\$	\$ 335,000	\$ 22,535,000	\$ 350,000
Unamortized Bond Discounts	<u>(479,161)</u>	<u></u>	<u>(15,583)</u>	<u>(463,578)</u>	<u></u>
	\$ 22,390,839	\$	\$ 319,417	\$ 22,071,422	\$ 350,000
Notes Payable	<u></u>	<u>2,905,000</u>	<u></u>	<u>2,905,000</u>	<u>50,000</u>
	<u>\$ 22,390,839</u>	<u>\$ 2,905,000</u>	<u>\$ 319,417</u>	<u>\$ 24,976,422</u>	<u>\$ 400,000</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Bonds Payable Included in Liabilities Payable From Restricted Assets	<u>(350,000)</u>	<u>(350,000)</u>
	<u>\$ 24,626,422</u>	<u>\$ 50,000</u>

F. Debt Defeasance

On February 14, 2003, the City issued \$6,200,000 in Tax Increment Revenue Refunding Bonds Series 2003 with interest rates ranging from 2.00% to 5.00%. The City issued the Tax Increment Revenue Refunding Bonds Series 2003 to advance refund \$5,715,000 of the Tax Increment Revenue Bonds Series 1994, with interest rates ranging from 5.80% to 6.40%, and \$2,215,000 of the Tax Increment Revenue Bonds Series 1997, with interest rates ranging from 4.40% to 4.80%. The City used the proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded Tax Increment Revenue Bonds Series 1994 and 1997. As a result, the Tax Increment Revenue Bonds Series 1994 and 1997 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, 2006 is \$1,350,000.

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 irrevocable trusts to provide for all future debt service on the then outstanding Waterworks and Sewer System Revenue Bonds Series 1995 and 2003 in the amount of \$6,915,000 and \$16,320,000, respectively. As a result, the Waterworks and Sewer System Revenue Bonds Series 1995 and 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, 2006 is \$23,235,000.

Note 13 - OPERATING LEASES

The City is the lessor of land under lease arrangements classified as operating leases. The leases expire in various years through the year 2020. At June 30, 2006, 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, 2006 are shown below.

Year Ending June 30, 2007	\$ 240,000
2008	240,000
2009	240,000
2010	240,000
2011	240,000
2012 - 2016	1,200,000
2017 - 2020	<u>840,000</u>
	<u>\$ 3,240,000</u>

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Minimum future rentals do not include contingent rentals that may be received under the land leases. Contingent rentals during the year ended June 30, 2006 amounted to \$1,580,497. 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% of adjusted gross revenues in excess of \$3,250,000 on December 31 of each year. During the year ended June 30, 2006, rental income from this lease amounted to \$6,114.

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2006:

Land	\$ 5,600,000
Land Improvements	680,000
Buildings	7,858,273
Equipment	928,535
Accumulated Depreciation	<u>(3,350,852)</u>
	<u>\$ 11,715,956</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 (PERS). 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 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 at rates of 6.50% and 6.25% of their covered wages, respectively. The City is required to contribute at actuarially determined rates, currently 10.70% of PORS member wages and 7.70% 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, 2006, 2005 and 2004 were \$1,727,247, \$1,511,762 and \$1,447,392, respectively. The City's contributions to the SCRS for the years ended June 30, 2006, 2005 and 2004 were \$1,434,347, \$1,192,430 and \$1,139,913, 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 BENEFITS

In addition to the retirement benefits described in Note 14, the City provides postemployment health care benefits to employees who retire and are receiving benefits from the South Carolina Retirement System with at least twenty years of service as an employee of the City. Such employees may elect to continue single coverage under the City's plan with 100% of the cost of coverage provided by the City. If an eligible retired employee accepts employment with another organization that provides health care benefits, the City coverage will no longer be provided.

At June 30, 2006, seventy one retirees were receiving postemployment health care benefits. The City finances and recognizes as an expenditure/expense health care costs for eligible retired employees in the period of payment. During the year ended June 30, 2006, the cost of retiree health care totaled \$355,131.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

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. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$350,000 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, 2006, the Self Insurance Fund has a claim liability of \$2,277,386. 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, 2006 and 2005 follows:

	2006	2005
Beginning Balance	\$ 1,712,577	\$ 1,305,742
Claims Incurred and Change in Estimate	1,614,575	2,155,927
Claim Payments	<u>(1,049,766)</u>	<u>(1,749,092)</u>
Ending Balance	<u>\$ 2,277,386</u>	<u>\$ 1,712,577</u>

The City participates in the South Carolina Local Government Assurance Group (SCLGAG) to provide for the administration of a plan providing health insurance coverage to all employees. The plan is self-funded for claims up to \$40,000 per employee per year. Claims between \$40,000 and \$100,000 per employee are insured through a "pooled" arrangement with other member local governments and claims in excess of \$100,000 are insured by a private carrier selected by the SCLGAG. Cash is transferred, in the form of "contributions" monthly to the SCLGAG to provide for payment of claims, including a reserve against unusually large claims, as they are filed. The City had cash on hand with the SCLGAG at year-end in the amount of \$8,105. Unreserved fund balance of the General Fund has not been designated, because the accrued liability of \$768,994 for estimated claims incurred but unpaid or unreported at year-end is greater than the deposits on hand with the SCLGAG.

A summary of changes in the City's liability for unreported insurance claims during the years ended June 30, 2006 and 2005 follows:

	2006	2005
Beginning Balance	\$ 667,857	\$ 479,949
Claims Incurred and Change in Estimate	5,262,686	4,762,715
Claim Payments	<u>(5,161,549)</u>	<u>(4,574,807)</u>
Ending Balance	<u>\$ 768,994</u>	<u>\$ 667,857</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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

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 March 1, 1998 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, 2006, follows. The amounts provided for each year are sufficient to fund the required debt service on the Certificates of Participation.

Year Ending June 30, 2007		\$ 1,693,210
2008		1,687,760
2009		1,685,510
2010		1,690,140
2011		1,691,090
2012 - 2016		8,435,500
2017		<u>1,690,494</u>
		<u>\$ 18,573,704</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 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 Series 1998 Certificates of Participation. 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, 2007		\$ 564,401
2008		564,394
2009		566,942
2010		565,035
2011		565,630
2012 - 2016		2,832,050
2017 - 2018		<u>1,133,124</u>
		<u>\$ 6,791,576</u>

A portion of the City's future hospitality fee collections have been pledged for the repayment of the Series 2002 Certificates of Participation. 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:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Year Ending June 30, 2007	\$	309,900
2008		310,250
2009		314,650
2010		313,700
2011		312,575
2012 - 2016		1,562,587
2017 - 2021		1,562,063
2022 - 2023		<u>627,038</u>
		<u>\$ 5,312,763</u>

In accordance with a water sale and purchase agreement, dated March 1, 1990 and subsequently amended on June 1, 1999, between the City of Myrtle Beach and the City of North Myrtle Beach, South Carolina, the City committed to provide for a period not less than thirty years, potable water with a current guaranteed capacity of 8.12 MGD. In return the City will receive monthly payments from the City of North Myrtle Beach consisting of a "demand" charge for their pro-rata share of the cost of providing the plant capacities, and an "O&M" charge representing their pro-rata share of the cost of operating and maintaining the plant and related booster pumps. Transmission of water to the City of North Myrtle Beach began in June 1991, at which time "O&M" charges began to accrue. Demand charges, by agreement, became effective in October 1991. Total charges to the City of North Myrtle Beach for the year ended June 30, 2006, including demand charges and O&M charges, were \$1,800,324. On June 30, 2006, this agreement was assigned to the purchaser of the City's water and wastewater plant.

On June 30, 2006, the City entered into a water and wastewater service agreement with Grand Strand Water and Sewer Authority (GSWSA). Under the terms of the agreement, the City will purchase wholesale water service from GSWSA at a cost of \$1.23 per thousand gallons and wastewater treatment service at a cost of \$1.44 per thousand gallons commencing on July 1, 2006.

On September 23, 1993, the City entered into a lease with the Air Force Base Disposal Agency for the golf course property previously operated by the Air Force. The initial term of the lease was for one year from November 1, 1993 to October 31, 1994 with a renewal option for up to four additional one year terms. The City has elected to renew the lease for the golf course, but with a revised term of 10 years ending on October 31, 2006. As consideration for this lease, the City shall operate the golf course as a public golf course and shall at all times provide for the improvement, maintenance, protection, repair and restoration of the leased premises at its own cost.

Prior to June 30, 2006, the City entered into various construction contracts. The approximate costs of the contracts were \$10,290,000 of which roughly \$5,500,000 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 - SPECIAL ITEM

On June 30, 2006, the City sold its water and wastewater plant to Grand Strand Water and Sewer Authority. An \$18,577,670 loss was recognized in the Water and Sewer Fund as a result of the sale.

Note 20 - EXTRAORDINARY ITEM

On June 30, 2006 the City used a portion of the proceeds received in conjunction with the sale of its water and wastewater plant to extinguish all of its outstanding Waterworks and Sewer System Revenue Bonds. The extinguishment of debt resulted in a loss of \$1,844,003 (the difference between the carrying amount of the debt and its extinguishment cost) being recognized in the Water and Sewer Fund.

REQUIRED SUPPLEMENTARY INFORMATION

B-1

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 13,389,000	\$ 13,389,000	\$ 14,037,624	\$ 648,624
Licenses and Permits	18,038,625	18,924,480	20,968,059	2,043,579
Fines and Forfeitures	1,862,000	1,862,000	2,000,842	138,842
Intergovernmental	1,851,690	2,090,011	2,140,030	50,019
Charges for Services	1,820,600	1,893,584	2,006,929	113,345
Miscellaneous	573,071	2,129,761	2,190,945	61,184
Total Revenues	<u>\$ 37,534,986</u>	<u>\$ 40,288,836</u>	<u>\$ 43,344,429</u>	<u>\$ 3,055,593</u>
EXPENDITURES				
Current:				
General Government	\$ 5,023,467	\$ 8,459,461	\$ 8,459,461	\$
Public Safety	25,434,335	25,409,173	25,409,173	
Transportation	1,936,077	2,105,219	2,105,219	
Community and Economic Development	1,898,955	2,014,926	2,014,926	
Culture and Recreation	8,339,869	8,769,486	8,769,486	
Public Works	1,264,178	1,222,358	1,222,358	
Capital Outlay	410,612	280,720	280,720	
Total Expenditures	<u>\$ 44,307,493</u>	<u>\$ 48,261,343</u>	<u>\$ 48,261,343</u>	<u>\$</u>
Deficiency of Revenues Under Expenditures	\$ (6,772,507)	\$ (7,972,507)	\$ (4,916,914)	\$ 3,055,593
OTHER FINANCING SOURCES				
Transfers In	<u>6,259,536</u>	<u>6,259,536</u>	<u>5,380,438</u>	<u>(879,098)</u>
Net Change in Fund Balances	\$ (512,971)	\$ (1,712,971)	\$ 463,524	\$ 2,176,495
Fund Balances - Beginning	<u>8,801,738</u>	<u>8,801,738</u>	<u>8,801,738</u>	<u></u>
Fund Balances - Ending	<u><u>\$ 8,288,767</u></u>	<u><u>\$ 7,088,767</u></u>	<u><u>\$ 9,265,262</u></u>	<u><u>\$ 2,176,495</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CONVENTION CENTER FUND
Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 860,000	\$ 860,000	\$ 911,294	\$ 51,294
Licenses and Permits	600,000	600,000	600,000	
Intergovernmental	40,000	40,000	46,083	6,083
Charges for Services	1,710,000	1,734,259	1,839,834	105,575
Miscellaneous	168,000	168,000	5,048	(162,952)
Total Revenues	<u>\$ 3,378,000</u>	<u>\$ 3,402,259</u>	<u>\$ 3,402,259</u>	
EXPENDITURES				
Current:				
General Government	\$ 314,612	\$ 314,612	\$ 314,612	
Culture and Recreation	3,234,692	3,322,732	3,322,732	
Capital Outlay	25,200	14,800	14,800	
Total Expenditures	<u>\$ 3,574,504</u>	<u>\$ 3,652,144</u>	<u>\$ 3,652,144</u>	
Deficiency of Revenues Under Expenditures	<u>\$ (196,504)</u>	<u>\$ (249,885)</u>	<u>\$ (249,885)</u>	
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,829,075	\$ 1,829,075	\$ 1,829,075	
Transfers Out	(1,919,430)	(1,919,431)	(1,919,431)	
Total Other Financing Sources (Uses)	<u>\$ (90,355)</u>	<u>\$ (90,356)</u>	<u>\$ (90,356)</u>	
Net Change in Fund Balances	<u>\$ (286,859)</u>	<u>\$ (340,241)</u>	<u>\$ (340,241)</u>	
Fund Balances - Beginning	<u>(903,695)</u>	<u>(903,695)</u>	<u>(903,695)</u>	
Fund Balances - Ending	<u><u>\$ (1,190,554)</u></u>	<u><u>\$ (1,243,936)</u></u>	<u><u>\$ (1,243,936)</u></u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
HOSPITALITY FEE FUND
Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Hospitality Fees	\$ 8,090,000	\$ 8,090,000	\$ 8,074,246	\$ (15,754)
Miscellaneous	1,263,500	1,263,500	51,892	(1,211,608)
Total Revenues	<u>\$ 9,353,500</u>	<u>\$ 9,353,500</u>	<u>\$ 8,126,138</u>	<u>\$ (1,227,362)</u>
EXPENDITURES				
Debt Service:				
Interest and Fiscal Charges	\$ 2,484,403	\$ 2,545,325	\$ 2,545,325	\$ _____
Excess of Revenues Over Expenditures	\$ 6,869,097	\$ 6,808,175	\$ 5,580,813	\$ (1,227,362)
OTHER FINANCING USES				
Transfers Out	<u>(6,861,163)</u>	<u>(6,861,163)</u>	<u>(6,861,163)</u>	<u>_____</u>
Net Change in Fund Balances	\$ 7,934	\$ (52,988)	\$ (1,280,350)	\$ (1,227,362)
Fund Balances - Beginning	<u>2,023,191</u>	<u>2,023,191</u>	<u>2,023,191</u>	<u>_____</u>
Fund Balances - Ending	<u>\$ 2,031,125</u>	<u>\$ 1,970,203</u>	<u>\$ 742,841</u>	<u>\$ (1,227,362)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2006

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, 2006, 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, 2006, 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, 2006 as follows:

General Fund	\$ 3,953,850
Convention Center Fund	77,641
Hospitality Fee Fund	60,922
Capital Improvements Fund	27,884,272
Nonmajor Governmental Funds:	
Public Facilities Corporation Fund	3,078
Community Block Development Fund	9,900
Victims Advocate Fund	173,481
Storm Water Fund	4,673,746
Local Accommodations Tax Fund	113,463
Water and Sewer Fund	20,421,673
Municipal Golf Course Fund	15,733

**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.

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.

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.

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, 2006

	Special Revenue Funds			
	Accommodations	Public	Community	Tax Increment
	Tax	Facilities Corporation	Block Development	Revenue
ASSETS				
Cash and Temporary Investments	\$	\$	\$ 17,582	\$
Receivables (Net):				
Property Taxes				2,951
Local Accommodations Taxes				
Storm Water Fees				
Intergovernmental	2,176,372		13,562	817
Loans			722,066	
Restricted Cash and Temporary Investments		1,322,909		4,027,412
Total Assets	\$ 2,176,372	\$ 1,322,909	\$ 753,210	\$ 4,031,180
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 746,412	\$	\$ 343	\$
Due to Other Fund	1,072,314	684,953		1,716,357
Deferred Revenue				1,804
Total Liabilities	\$ 1,818,726	\$ 684,953	\$ 343	\$ 1,718,161
Fund Balances (Deficit):				
Reserved for:				
Long-Term Receivable	\$	\$	\$ 722,066	\$
Certificates of Participation		1,322,909		
Tax Increment Revenue Bonds				4,027,412
Storm Water Revenue Bonds				
Debt Service				
Unreserved:				
Undesignated	357,646	(684,953)	30,801	(1,714,393)
Total Fund Balances	\$ 357,646	\$ 637,956	\$ 752,867	\$ 2,313,019
Total Liabilities and Fund Balances	\$ 2,176,372	\$ 1,322,909	\$ 753,210	\$ 4,031,180

Special Revenue Funds					
Victims Advocate	Storm Water	Local Accommodations Tax	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 124,245	\$ 1,896,473	\$ 1,082,174	\$ 3,120,474	\$ 1,003,573	\$ 4,124,047
			2,951		2,951
		269,332	269,332		269,332
	49,284		49,284		49,284
	18,457		2,209,208		2,209,208
			722,066		722,066
	791,258		6,141,579		6,141,579
<u>\$ 124,245</u>	<u>\$ 2,755,472</u>	<u>\$ 1,351,506</u>	<u>\$ 12,514,894</u>	<u>\$ 1,003,573</u>	<u>\$ 13,518,467</u>
\$ 9,415	\$ 38,949	\$ 245,212	\$ 1,040,331	\$ 4,921	\$ 1,045,252
			3,473,624		3,473,624
		608	2,412		2,412
<u>\$ 9,415</u>	<u>\$ 38,949</u>	<u>\$ 245,820</u>	<u>\$ 4,516,367</u>	<u>\$ 4,921</u>	<u>\$ 4,521,288</u>
\$	\$	\$	\$ 722,066	\$	\$ 722,066
			1,322,909		1,322,909
			4,027,412		4,027,412
	791,258		791,258		791,258
				998,652	998,652
114,830	1,925,265	1,105,686	1,134,882		1,134,882
<u>\$ 114,830</u>	<u>\$ 2,716,523</u>	<u>\$ 1,105,686</u>	<u>\$ 7,998,527</u>	<u>\$ 998,652</u>	<u>\$ 8,997,179</u>
<u>\$ 124,245</u>	<u>\$ 2,755,472</u>	<u>\$ 1,351,506</u>	<u>\$ 12,514,894</u>	<u>\$ 1,003,573</u>	<u>\$ 13,518,467</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2006

	Special Revenue Funds			
	Accommodations	Public	Community	Tax Increment
	Tax	Facilities Corporation	Block Development	Revenue
REVENUES				
Property Taxes	\$	\$	\$	\$ 2,317,492
Local Accommodations Taxes				
Storm Water Fees				
Fines and Forfeitures				
Intergovernmental	6,389,598		187,372	1,378
Miscellaneous	14,102		10,900	39,099
Total Revenues	<u>\$ 6,403,700</u>	<u>\$</u>	<u>\$ 198,272</u>	<u>\$ 2,357,969</u>
EXPENDITURES				
Current:				
General Government	\$	\$ 56,673	\$ 2,033	\$ 18,207
Transportation				
Community and Economic Development	2,627,004		37,428	24,541
Capital Outlay			18,586	
Debt Service:				
Principal				
Interest and Fiscal Charges				
Total Expenditures	<u>\$ 2,627,004</u>	<u>\$ 56,673</u>	<u>\$ 58,047</u>	<u>\$ 42,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 3,776,696</u>	<u>\$ (56,673)</u>	<u>\$ 140,225</u>	<u>\$ 2,315,221</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$	\$ 2,185,930	\$	\$
Transfers Out	(3,836,374)	(2,185,930)	(220,000)	(1,236,600)
Storm Water Revenue Bonds Issued				
Total Other Financing Sources (Uses)	<u>\$ (3,836,374)</u>	<u>\$</u>	<u>\$ (220,000)</u>	<u>\$ (1,236,600)</u>
Net Change in Fund Balances	\$ (59,678)	\$ (56,673)	\$ (79,775)	\$ 1,078,621
Fund Balances - Beginning	<u>417,324</u>	<u>694,629</u>	<u>832,642</u>	<u>1,234,398</u>
Fund Balances - Ending	<u>\$ 357,646</u>	<u>\$ 637,956</u>	<u>\$ 752,867</u>	<u>\$ 2,313,019</u>

Special Revenue Funds					
Victims Advocate	Storm Water	Local Accommodations Tax	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$	\$	\$	\$ 2,317,492	\$ 1,967,186	\$ 4,284,678
		1,781,272	1,781,272		1,781,272
	1,211,924		1,211,924		1,211,924
281,164			281,164		281,164
			6,578,348		6,578,348
6,310	132,321	46,009	248,741	46,896	295,637
<u>\$ 287,474</u>	<u>\$ 1,344,245</u>	<u>\$ 1,827,281</u>	<u>\$ 12,418,941</u>	<u>\$ 2,014,082</u>	<u>\$ 14,433,023</u>
\$ 288,163	\$ 129,823	\$ 115,000	\$ 609,899	\$ 171,394	\$ 781,293
	1,135,455		1,135,455		1,135,455
198,000		725,013	3,611,986		3,611,986
			18,586		18,586
				4,468,925	4,468,925
				2,651,594	2,651,594
<u>\$ 486,163</u>	<u>\$ 1,265,278</u>	<u>\$ 840,013</u>	<u>\$ 5,375,926</u>	<u>\$ 7,291,913</u>	<u>\$ 12,667,839</u>
\$ (198,689)	\$ 78,967	\$ 987,268	\$ 7,043,015	\$ (5,277,831)	\$ 1,765,184
\$	\$ 1,100,000	\$	\$ 3,285,930	\$ 5,729,898	\$ 9,015,828
(29,688)	(4,673,746)	(1,118,450)	(13,300,788)		(13,300,788)
	4,673,746		4,673,746		4,673,746
<u>\$ (29,688)</u>	<u>\$ 1,100,000</u>	<u>\$ (1,118,450)</u>	<u>\$ (5,341,112)</u>	<u>\$ 5,729,898</u>	<u>\$ 388,786</u>
\$ (228,377)	\$ 1,178,967	\$ (131,182)	\$ 1,701,903	\$ 452,067	\$ 2,153,970
343,207	1,537,556	1,236,868	6,296,624	546,585	6,843,209
<u>\$ 114,830</u>	<u>\$ 2,716,523</u>	<u>\$ 1,105,686</u>	<u>\$ 7,998,527</u>	<u>\$ 998,652</u>	<u>\$ 8,997,179</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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 6,695,000	\$ 6,389,598	\$ (305,402)
Miscellaneous	10,000	14,102	4,102
Total Revenues	\$ 6,705,000	\$ 6,403,700	\$ (301,300)
EXPENDITURES			
Current:			
Community and Economic Development	\$ 2,659,500	\$ 2,627,004	\$ 32,496
Excess of Revenues Over Expenditures	\$ 4,045,500	\$ 3,776,696	\$ (268,804)
OTHER FINANCING USES			
Transfers Out	(3,989,075)	(3,836,374)	152,701
Net Change in Fund Balance	\$ 56,425	\$ (59,678)	\$ (116,103)
Fund Balance - Beginning	417,324	417,324	
Fund Balance - Ending	\$ 473,749	\$ 357,646	\$ (116,103)

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, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 7,000	\$ 7,000	\$	\$ (7,000)
EXPENDITURES				
Current:				
General Government	\$ 53,595	\$ 56,673	\$ 56,673	\$
Deficiency of Revenues Under Expenditures	\$ (46,595)	\$ (49,673)	\$ (56,673)	\$ (7,000)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 2,185,930	\$ 2,185,930	\$ 2,185,930	\$
Transfers Out	(2,185,930)	(2,185,930)	(2,185,930)	\$
Total Other Financing Sources (Uses)	\$	\$	\$	\$
Net Change in Fund Balances	\$ (46,595)	\$ (49,673)	\$ (56,673)	\$ (7,000)
Fund Balances - Beginning	694,629	694,629	694,629	\$
Fund Balances - Ending	\$ 648,034	\$ 644,956	\$ 637,956	\$ (7,000)

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, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 275,000	\$ 275,000	\$ 187,372	\$ (87,628)
Miscellaneous		9,900	10,900	1,000
Total Revenues	<u>\$ 275,000</u>	<u>\$ 284,900</u>	<u>\$ 198,272</u>	<u>\$ (86,628)</u>
EXPENDITURES				
Current:				
General Government	\$	\$ 2,033	\$ 2,033	\$
Community and Economic Development	55,000	44,281	37,428	6,853
Capital Outlay		18,586	18,586	
Total Expenditures	<u>\$ 55,000</u>	<u>\$ 64,900</u>	<u>\$ 58,047</u>	<u>\$ 6,853</u>
Excess of Revenues Over Expenditures	\$ 220,000	\$ 220,000	\$ 140,225	\$ (79,775)
OTHER FINANCING USES				
Transfers Out	<u>(220,000)</u>	<u>(220,000)</u>	<u>(220,000)</u>	
Net Change in Fund Balances	\$	\$	\$ (79,775)	\$ (79,775)
Fund Balances - Beginning	<u>832,642</u>	<u>832,642</u>	<u>832,642</u>	
Fund Balances - Ending	<u>\$ 832,642</u>	<u>\$ 832,642</u>	<u>\$ 752,867</u>	<u>\$ (79,775)</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
TAX INCREMENT REVENUE FUND
Year Ended June 30, 2006

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 2,064,624	\$ 2,317,492	\$ 252,868
Intergovernmental		1,378	1,378
Miscellaneous	16,635	39,099	22,464
Total Revenues	<u>\$ 2,081,259</u>	<u>\$ 2,357,969</u>	<u>\$ 276,710</u>
EXPENDITURES			
Current:			
General Government	\$	\$ 18,207	\$ (18,207)
Community and Economic Development	693,261	24,541	668,720
Total Expenditures	<u>\$ 693,261</u>	<u>\$ 42,748</u>	<u>\$ 650,513</u>
Excess of Revenues Over Expenditures	\$ 1,387,998	\$ 2,315,221	\$ 927,223
OTHER FINANCING USES			
Transfers Out	<u>(1,387,998)</u>	<u>(1,236,600)</u>	<u>151,398</u>
Net Change in Fund Balances	\$	\$ 1,078,621	\$ 1,078,621
Fund Balances - Beginning	<u>1,234,398</u>	<u>1,234,398</u>	<u></u>
Fund Balances - Ending	<u>\$ 1,234,398</u>	<u>\$ 2,313,019</u>	<u>\$ 1,078,621</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, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 295,000	\$ 295,000	\$ 281,164	\$ (13,836)
Miscellaneous	22,405	22,405	6,310	(16,095)
Total Revenues	<u>\$ 317,405</u>	<u>\$ 317,405</u>	<u>\$ 287,474</u>	<u>\$ (29,931)</u>
EXPENDITURES				
Current:				
General Government	\$ 312,682	\$ 288,163	\$ 288,163	
Community and Economic Development		198,000	198,000	
Total Expenditures	<u>\$ 312,682</u>	<u>\$ 486,163</u>	<u>\$ 486,163</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 4,723	\$ (168,758)	\$ (198,689)	\$ (29,931)
OTHER FINANCING USES				
Transfers Out	<u>(29,688)</u>	<u>(29,688)</u>	<u>(29,688)</u>	
Net Change in Fund Balance	\$ (24,965)	\$ (198,446)	\$ (228,377)	\$ (29,931)
Fund Balance - Beginning	<u>343,207</u>	<u>343,207</u>	<u>343,207</u>	
Fund Balance - Ending	<u>\$ 318,242</u>	<u>\$ 144,761</u>	<u>\$ 114,830</u>	<u>\$ (29,931)</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, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Storm Water Fees	\$ 1,270,000	\$ 1,270,000	\$ 1,211,924	\$ (58,076)
Miscellaneous	10,000	10,000	132,321	122,321
Total Revenues	<u>\$ 1,280,000</u>	<u>\$ 1,280,000</u>	<u>\$ 1,344,245</u>	<u>\$ 64,245</u>
EXPENDITURES				
Current:				
General Government	\$ 129,823	\$ 129,823	\$ 129,823	
Transportation	1,153,841	1,153,841	1,135,455	18,386
Total Expenditures	<u>\$ 1,283,664</u>	<u>\$ 1,283,664</u>	<u>\$ 1,265,278</u>	<u>\$ 18,386</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (3,664)</u>	<u>\$ (3,664)</u>	<u>\$ 78,967</u>	<u>\$ 82,631</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	
Transfers Out		(4,673,746)	(4,673,746)	
Storm Water Revenue Bonds Issued		4,673,746	4,673,746	
Total Other Financing Sources (Uses)	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	
Net Change in Fund Balances	\$ 1,096,336	\$ 1,096,336	\$ 1,178,967	\$ 82,631
Fund Balances - Beginning	<u>1,537,556</u>	<u>1,537,556</u>	<u>1,537,556</u>	
Fund Balances - Ending	<u>\$ 2,633,892</u>	<u>\$ 2,633,892</u>	<u>\$ 2,716,523</u>	<u>\$ 82,631</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, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Accommodations Taxes	\$ 1,845,000	\$ 1,845,000	\$ 1,781,272	\$ (63,728)
Miscellaneous			46,009	46,009
Total Revenues	<u>\$ 1,845,000</u>	<u>\$ 1,845,000</u>	<u>\$ 1,827,281</u>	<u>\$ (17,719)</u>
EXPENDITURES				
Current:				
General Government	\$ 120,000	\$ 115,000	\$ 115,000	\$
Community and Economic Development	606,550	725,013	725,013	
Total Expenditures	<u>\$ 726,550</u>	<u>\$ 840,013</u>	<u>\$ 840,013</u>	<u>\$</u>
Excess of Revenues Over Expenditures	\$ 1,118,450	\$ 1,004,987	\$ 987,268	\$ (17,719)
OTHER FINANCING USES				
Transfers Out	<u>(1,118,450)</u>	<u>(1,118,450)</u>	<u>(1,118,450)</u>	<u></u>
Net Change in Fund Balance	\$	\$ (113,463)	\$ (131,182)	\$ (17,719)
Fund Balance - Beginning	<u>1,236,868</u>	<u>1,236,868</u>	<u>1,236,868</u>	<u></u>
Fund Balance - Ending	<u>\$ 1,236,868</u>	<u>\$ 1,123,405</u>	<u>\$ 1,105,686</u>	<u>\$ (17,719)</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, 2006

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 1,902,000	\$ 1,967,186	\$ 65,186
Miscellaneous		46,896	46,896
Total Revenues	<u>\$ 1,902,000</u>	<u>\$ 2,014,082</u>	<u>\$ 112,082</u>
EXPENDITURES			
Current:			
General Government	\$ 171,394	\$ 171,394	
Debt Service:			
Principal	4,468,925	4,468,925	
Interest and Fiscal Charges	2,811,579	2,651,594	159,985
Total Expenditures	<u>\$ 7,451,898</u>	<u>\$ 7,291,913</u>	<u>\$ 159,985</u>
Deficiency of Revenues Under Expenditures	\$ (5,549,898)	\$ (5,277,831)	272,067
OTHER FINANCING SOURCES			
Transfers In	<u>5,549,898</u>	<u>5,729,898</u>	<u>180,000</u>
Net Change in Fund Balance	\$	\$ 452,067	\$ 452,067
Fund Balance - Beginning	<u>546,585</u>	<u>546,585</u>	
Fund Balance - Ending	<u>\$ 546,585</u>	<u>\$ 998,652</u>	<u>\$ 452,067</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, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 150,000	\$ 150,000	\$ 440,214	\$ 290,214
Licenses and Permits	800,000	1,107,452	1,620,672	513,220
Intergovernmental		7,657,407	9,053,059	1,395,652
Miscellaneous	3,640,000	3,640,000	2,642,836	(997,164)
Total Revenues	<u>\$ 4,590,000</u>	<u>\$ 12,554,859</u>	<u>\$ 13,756,781</u>	<u>\$ 1,201,922</u>
EXPENDITURES				
Current:				
Transportation	\$	\$ 93,491	\$ 93,491	\$
Community and Economic Development		140,840	140,840	
Culture and Recreation		85,076	85,076	
Capital Outlay	4,925,000	32,248,493	26,803,307	5,445,186
Debt Service:				
Bond Issuance Costs		241,372	241,372	
Total Expenditures	<u>\$ 4,925,000</u>	<u>\$ 32,809,272</u>	<u>\$ 27,364,086</u>	<u>\$ 5,445,186</u>
Deficiency of Revenues Under Expenditures	<u>\$ (335,000)</u>	<u>\$ (20,254,413)</u>	<u>\$ (13,607,305)</u>	<u>\$ 6,647,108</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,060,000	\$ 5,733,746	\$ 5,733,746	\$
Transfers Out	(625,000)	(625,000)	(805,000)	(180,000)
Note Payable Issued		2,897,500	2,897,500	
General Obligation Bonds Issued		12,180,000	12,180,000	
Premium on General Obligation Bonds		168,167	168,167	
Total Other Financing Sources (Uses)	<u>\$ 435,000</u>	<u>\$ 20,354,413</u>	<u>\$ 20,174,413</u>	<u>\$ (180,000)</u>
Net Change in Fund Balances	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 6,567,108</u>	<u>\$ 6,467,108</u>
Fund Balances - Beginning	<u>13,759,146</u>	<u>13,759,146</u>	<u>13,759,146</u>	<u></u>
Fund Balances - Ending	<u>\$ 13,859,146</u>	<u>\$ 13,859,146</u>	<u>\$ 20,326,254</u>	<u>\$ 6,467,108</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 departments and the related costs associated with those rentals.

Self Insurance Fund - This fund is used to account for the City's self-insurance program which accumulates funds from inter-departmental charges, subrogations and interest earnings for the payment of premiums, claims and administrative expenses of the program.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2006

	Fleet Management Fund	Self Insurance Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Temporary Investments	\$ 929,105	\$ 573,093	\$ 1,502,198
Accounts Receivable	1,788	49,053	50,841
Inventories	149,380		149,380
Total Current Assets	\$ 1,080,273	\$ 622,146	\$ 1,702,419
Noncurrent Assets:			
Other Capital Assets (Net)	6,371,922		6,371,922
Total Assets	\$ 7,452,195	\$ 622,146	\$ 8,074,341
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 527,775	\$ 174,079	\$ 701,854
Due to Other Fund		758,078	758,078
Capital Lease Obligations	429,979		429,979
Total Current Liabilities	\$ 957,754	\$ 932,157	\$ 1,889,911
Noncurrent Liabilities:			
Compensated Absences	\$ 11,046		\$ 11,046
Unreported Insurance Claims		2,277,386	2,277,386
Capital Lease Obligations	2,897,610		2,897,610
Total Noncurrent Liabilities	\$ 2,908,656	\$ 2,277,386	\$ 5,186,042
Total Liabilities	\$ 3,866,410	\$ 3,209,543	\$ 7,075,953
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 3,044,333		\$ 3,044,333
Unrestricted	541,452	(2,587,397)	(2,045,945)
Total Net Assets	\$ 3,585,785	\$ (2,587,397)	\$ 998,388

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2006

	Fleet Management Fund	Self Insurance Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
Charges for Services	\$ 3,906,895	\$ 3,287,798	\$ 7,194,693
OPERATING EXPENSES			
Administration	\$ 445,403	\$	\$ 445,403
Operations	1,460,882	4,125,169	5,586,051
Depreciation	1,835,872		1,835,872
Total Operating Expenses	<u>\$ 3,742,157</u>	<u>\$ 4,125,169</u>	<u>\$ 7,867,326</u>
Operating Income (Loss)	<u>\$ 164,738</u>	<u>\$ (837,371)</u>	<u>\$ (672,633)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 36,161	\$	\$ 36,161
Miscellaneous Revenues	868		868
Loss on Disposal of Capital Assets	(23,885)		(23,885)
Interest Expense	(183,753)	(10,778)	(194,531)
Total Nonoperating Revenues (Expenses)	<u>\$ (170,609)</u>	<u>\$ (10,778)</u>	<u>\$ (181,387)</u>
Change in Net Assets	<u>\$ (5,871)</u>	<u>\$ (848,149)</u>	<u>\$ (854,020)</u>
Total Net Assets - Beginning	<u>3,591,656</u>	<u>(1,739,248)</u>	<u>1,852,408</u>
Total Net Assets - Ending	<u><u>\$ 3,585,785</u></u>	<u><u>\$ (2,587,397)</u></u>	<u><u>\$ 998,388</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2006

	Fleet Management Fund	Self Insurance Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Interfund Services Provided	\$ 3,906,895	\$ 3,287,798	\$ 7,194,693
Payments to Suppliers	(1,301,964)	(2,510,594)	(3,812,558)
Payments to Employees	(377,264)		(377,264)
Payments of Claims		(1,037,944)	(1,037,944)
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 2,227,667</u>	<u>\$ (260,740)</u>	<u>\$ 1,966,927</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds From Interfund Loan	\$	\$ 42,105	\$ 42,105
Interest Payments on Interfund Loan		(10,778)	(10,778)
Net Cash and Cash Equivalents Provided by Noncapital Financing Activities	<u>\$</u>	<u>\$ 31,327</u>	<u>\$ 31,327</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Payments on Capital Lease Obligations	\$ (424,922)		\$ (424,922)
Interest Payments on Capital Lease Obligations	(209,617)		(209,617)
Purchases of Capital Assets	(2,126,006)		(2,126,006)
Proceeds From Disposal of Capital Assets	1,330		1,330
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (2,759,215)</u>	<u>\$</u>	<u>\$ (2,759,215)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	\$ 36,161		\$ 36,161
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 36,161</u>	<u>\$</u>	<u>\$ 36,161</u>
Net Decrease in Cash and Cash Equivalents	\$ (495,387)	\$ (229,413)	\$ (724,800)
Cash and Cash Equivalents - Beginning	<u>1,424,492</u>	<u>802,506</u>	<u>2,226,998</u>
Cash and Cash Equivalents - Ending	<u>\$ 929,105</u>	<u>\$ 573,093</u>	<u>\$ 1,502,198</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2006**

	<u>Fleet Management Fund</u>	<u>Self Insurance Fund</u>	<u>Total Internal Service Funds</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 164,738	\$ (837,371)	\$ (672,633)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	1,835,872		1,835,872
(Increase) Decrease in Accounts Receivable	691	(45,269)	(44,578)
(Increase) in Inventories	(38,014)		(38,014)
Increase in Accounts Payable and Accrued Expenses	263,512	57,091	320,603
Increase in Unreported Insurance Claims		564,809	564,809
Miscellaneous Receipts	<u>868</u>		<u>868</u>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 2,227,667</u>	<u>\$ (260,740)</u>	<u>\$ 1,966,927</u>

Noncash Capital and Related Financing Activities

Book Value of Capital Asset Disposals	\$ 25,215	\$	\$ 25,215
---------------------------------------	-----------	----	-----------

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, 2006

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
ASSETS				
Cash and Temporary Investments	\$ <u>19,462</u>	\$ <u>225,390</u>	\$ <u>232,138</u>	\$ <u>12,714</u>
LIABILITIES				
Due to Firemen's Association	\$ <u>19,462</u>	\$ <u>225,390</u>	\$ <u>232,138</u>	\$ <u>12,714</u>

DISCRETELY PRESENTED COMPONENT UNIT

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
June 30, 2006**

ASSETS

Cash and Temporary Investments	\$ 878,603
Receivables:	
Accounts	13,310
Loans	<u>7,354</u>
Total Assets	<u>\$ 899,267</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts Payable and Accrued Expenditures	\$ 186,598
Deferred Revenue	56,150
Total Liabilities	<u>\$ 242,748</u>
Fund Balances:	
Reserved for:	
Long-Term Receivable	\$ 7,354
Unreserved:	
Designated for Redevelopment Loans	47,923
Undesignated	601,242
Total Fund Balances	<u>\$ 656,519</u>
Total Liabilities and Fund Balances	<u>\$ 899,267</u>

Reconciliation to the Statement of Net Assets

Total Fund Balances	\$ 656,519
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.	345,646
Long-term liabilities, including the note payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(476,998)</u>
Net Assets Reported in the Statement of Net Assets	<u>\$ 525,167</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, 2006**

REVENUES

Charges for Services	\$ 859,305
Miscellaneous	135,967
Total Revenues	\$ 995,272

EXPENDITURES

Current:	
Community and Economic Development	\$ 516,813
Debt Service:	
Principal	150,000
Interest	24,333
Total Expenditures	\$ 691,146

Net Change in Fund Balances \$ 304,126

Fund Balances - Beginning 352,393

Fund Balances - Ending \$ 656,519

Reconciliation to the Statement of Activities

Net Change in Fund Balances \$ 304,126

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. (101,422)

The repayment of long-term debt consumes current financial resources in the fund financial statements. However, the transaction has no effect on net assets. 150,000

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. 2,123

Change in Net Assets Reported in the Statement of Activities \$ 354,827

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, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services	\$ 24,434,000	\$ 24,434,000	\$ 24,211,067	\$ (222,933)
Miscellaneous	50,000	50,000	16,730	(33,270)
Total Operating Revenues	<u>\$ 24,484,000</u>	<u>\$ 24,484,000</u>	<u>\$ 24,227,797</u>	<u>\$ (256,203)</u>
OPERATING EXPENSES				
Administration	\$ 5,943,526	\$ 5,943,526	\$ 5,547,037	\$ 396,489
Operations	10,996,344	10,996,344	10,889,618	106,726
Depreciation	6,150,000	6,150,000	5,636,978	513,022
Total Operating Expenses	<u>\$ 23,089,870</u>	<u>\$ 23,089,870</u>	<u>\$ 22,073,633</u>	<u>\$ 1,016,237</u>
Operating Income	<u>\$ 1,394,130</u>	<u>\$ 1,394,130</u>	<u>\$ 2,154,164</u>	<u>\$ 760,034</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 175,000	\$ 175,000	\$ 590,974	\$ 415,974
Miscellaneous Revenue	50,000	50,000	213,315	163,315
Interest and Fiscal Charges	(1,817,199)	(1,817,199)	(2,010,348)	(193,149)
Amortization of Bond Issuance Costs	(65,000)	(65,000)	(52,065)	12,935
Total Nonoperating Revenues (Expenses)	<u>\$ (1,657,199)</u>	<u>\$ (1,657,199)</u>	<u>\$ (1,258,124)</u>	<u>\$ 399,075</u>
Income (Loss) Before Contributions, Special Item and Extraordinary Item	\$ (263,069)	\$ (263,069)	\$ 896,040	\$ 1,159,109
Capital Contributions	2,000,000	2,000,000	6,295,323	4,295,323
Special Item				
Loss on Sale of Water and Wastewater Plant		(18,577,670)	(18,577,670)	
Extraordinary Item				
Loss on Extinguishment of Debt		<u>(1,844,003)</u>	<u>(1,844,003)</u>	
Change in Net Assets	<u>\$ 1,736,931</u>	<u>\$ (18,684,742)</u>	<u>\$ (13,230,310)</u>	<u>\$ 5,454,432</u>
Total Net Assets - Beginning	<u>121,602,930</u>	<u>121,602,930</u>	<u>121,602,930</u>	
Total Net Assets - Ending	<u>\$ 123,339,861</u>	<u>\$ 102,918,188</u>	<u>\$ 108,372,620</u>	<u>\$ 5,454,432</u>

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, 2006

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for Services	\$ 35,000	\$ 22,064	\$ (12,936)
OPERATING EXPENSES			
Operations	\$ 215,449	\$ 153,110	\$ 62,339
Depreciation	470,000	390,848	79,152
Total Operating Expenses	<u>\$ 685,449</u>	<u>\$ 543,958</u>	<u>\$ 141,491</u>
Operating Loss	<u>\$ (650,449)</u>	<u>\$ (521,894)</u>	<u>\$ 128,555</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 100,000	\$ 83,840	\$ (16,160)
Interest and Fiscal Charges	(365,422)	(373,769)	(8,347)
Amortization of Bond Issuance Costs	(19,416)	(18,301)	1,115
Total Nonoperating Revenues (Expenses)	<u>\$ (284,838)</u>	<u>\$ (308,230)</u>	<u>\$ (23,392)</u>
Loss Before Transfers	\$ (935,287)	\$ (830,124)	\$ 105,163
Transfers In	<u>677,295</u>	<u>677,295</u>	
Change in Net Assets	\$ (257,992)	\$ (152,829)	\$ 105,163
Total Net Assets - Beginning	<u>6,173,216</u>	<u>6,173,216</u>	
Total Net Assets - Ending	<u>\$ 5,915,224</u>	<u>\$ 6,020,387</u>	<u>\$ 105,163</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, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services	\$ 1,325,000	\$ 1,340,733	\$ 1,334,897	\$ (5,836)
OPERATING EXPENSES				
Administration	\$ 553,203	\$ 553,203	\$ 576,751	\$ (23,548)
Operations	704,848	704,848	668,183	36,665
Depreciation	65,000	65,000	45,908	19,092
Total Operating Expenses	\$ 1,323,051	\$ 1,323,051	\$ 1,290,842	\$ 32,209
Operating Income	\$ 1,949	\$ 17,682	\$ 44,055	\$ 26,373
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous Revenue	\$	\$	\$ 1,626	\$ 1,626
Gain on Disposal of Capital Assets			2,850	2,850
Interest Expense	(30,000)	(45,733)	(77,942)	(32,209)
Total Nonoperating Revenues (Expenses)	\$ (30,000)	\$ (45,733)	\$ (73,466)	\$ (27,733)
Change in Net Assets	\$ (28,051)	\$ (28,051)	\$ (29,411)	\$ (1,360)
Total Net Assets - Beginning	(1,362,096)	(1,362,096)	(1,362,096)	
Total Net Assets - Ending	\$ (1,390,147)	\$ (1,390,147)	\$ (1,391,507)	\$ (1,360)

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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
OPERATING REVENUES			
Charges for Services	\$ 3,460,613	\$ 3,101,765	\$ (358,848)
Miscellaneous		20,150	20,150
Total Operating Revenues	\$ 3,460,613	\$ 3,121,915	\$ (338,698)
OPERATING EXPENSES			
Administration	\$ 705,876	\$ 606,093	\$ 99,783
Operations	2,771,343	2,759,885	11,458
Depreciation	125,000	85,633	39,367
Total Operating Expenses	\$ 3,602,219	\$ 3,451,611	\$ 150,608
Operating Loss	\$ (141,606)	\$ (329,696)	\$ (188,090)
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous Revenue	\$	\$ 15,217	\$ 15,217
Interest Expense		(53,953)	(53,953)
Total Nonoperating Revenues (Expenses)	\$	\$ (38,736)	\$ (38,736)
Loss Before Transfers	\$ (141,606)	\$ (368,432)	\$ (226,826)
Transfers In	250,000	250,000	
Change in Net Assets	\$ 108,394	\$ (118,432)	\$ (226,826)
Total Net Assets - Beginning	(412,164)	(412,164)	
Total Net Assets - Ending	\$ (303,770)	\$ (530,596)	\$ (226,826)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
Year Ended June 30, 2006

Court Fines

Court Fines Collected	\$ 1,388,891
Court Fines Retained by City	(1,388,891)
Court Fines Remitted to State Treasurer	\$ <u><u> </u></u>

Court Assessments

Court Assessments Collected	\$ 1,573,576
Court Assessments Retained by City	(126,698)
Court Assessments Remitted to State Treasurer	\$ <u><u>1,446,878</u></u>

Court Surcharges

Court Surcharges Collected	\$ 154,466
Court Surcharges Retained by City	(154,466)
Court Surcharges Remitted to State Treasurer	\$ <u><u> </u></u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 126,698
Court Surcharges Allocated to Victim Services	154,466
Investment Income	6,310
Total Funds Allocated to Victim Services	\$ <u>287,474</u>
Victim Services Expenditures	(515,851)
Funds Available for Carryforward From Year Ended June 30, 2006	\$ <u>(228,377)</u>
Funds Carried Forward From Year Ended June 30, 2005	343,207
Funds Available for Carryforward at June 30, 2006	\$ <u><u>114,830</u></u>

STATISTICAL

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 Four Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2003	2004	2005
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ 16,879,255	\$ 28,513,438	\$ 41,885,142
Restricted	19,544,239	19,990,360	18,832,653
Unrestricted	3,206,768	(38,382,577) ⁽¹⁾	(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 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⁾ In 2006, the City sold its water and wastewater plant.

UNAUDITED

Fiscal Year
2006

\$ 56,706,374
18,735,355
(29,804,581)
\$ 45,637,148

\$ 92,853,491 ⁽²⁾
662,576
17,928,546
\$ 111,444,613

\$ 149,559,865
19,397,931
(11,876,035)
\$ 157,081,761

Schedule 2

CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN NET ASSETS
Last Four 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

\$ 8,335,752
26,163,070
4,338,760
6,146,463
13,985,339
1,263,193
5,756,278
\$ 65,988,855

\$ 11,977,403
12,539,283
960,144
1,372,601

3,495,721
\$ 30,345,152

\$ 96,334,007

\$ 14,932,956
803,000
14,808,105
\$ 30,544,061

\$ 28,936,831

6,295,323
\$ 35,232,154

\$ 65,776,215

\$ (35,444,794)
4,887,002
\$ (30,557,792)

Schedule 2 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN NET ASSETS
Last Four 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
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		(42,443,983) ⁽²⁾	
Transfers	(899,212)	(671,575)	(875,788)
Total Governmental Activities	<u>\$ 45,344,269</u>	<u>\$ 5,816,034</u>	<u>\$ 51,831,539</u>
Business-Type Activities:			
Investment Earnings	\$ 299,319	\$ 233,235	\$ 369,866
Special Item - Loss on Sale of Water and Wastewater Plant			
Extraordinary Item - Loss on Extinguishment of Debt			
Transfers	899,212	671,575	875,788
Total Business-Type Activities	<u>\$ 1,198,531</u>	<u>\$ 904,810</u>	<u>\$ 1,245,654</u>
Total Primary Government	<u>\$ 46,542,800</u>	<u>\$ 6,720,844</u>	<u>\$ 53,077,193</u>
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	<u>\$ 9,727,136</u>	<u>\$ (24,402,478)</u>	<u>\$ 17,950,158</u>

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

\$ 19,793,135
 1,781,748
 17,585,457
 2,966,514
 8,075,180
 7,811,218
 1,091,738

(927,295)
 \$ 58,177,695

\$ 674,814
 (18,577,670) ⁽³⁾
 (1,844,003) ⁽⁴⁾
 927,295
 \$ (18,819,564)

\$ 39,358,131

\$ 22,732,901
(13,932,562)
 \$ 8,800,339

Schedule 3

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
PROGRAM REVENUES BY FUNCTION/PROGRAM**

Last Four 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

\$ 1,946,968
3,031,083
1,263,102
2,755,499
5,936,304

40,716
64,865
187,372
510,047

242,675
1,962,517
2,630,616
9,972,297
\$ 30,544,061

\$ 14,687,054
9,754,058
22,064
1,336,523
3,137,132

2,559,116
3,736,207
\$ 35,232,154

\$ 65,776,215

Schedule 4

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	1997	1998	1999	2000
General Fund				
Reserved	\$ 572,220	\$ 184,515	\$ 151,303	\$ 163,172
Unreserved	5,791,593	5,074,142	3,141,803	4,063,915
Total General Fund	<u>\$ 6,363,813</u>	<u>\$ 5,258,657</u>	<u>\$ 3,293,106</u>	<u>\$ 4,227,087</u>
All Other Governmental Funds				
Reserved	\$ 17,663,305	\$ 13,514,059	\$ 16,198,907	\$ 17,650,747
Unreserved, Reported in:				
Special Revenue Funds	4,391,713	6,529,856	4,405,463	3,814,262
Capital Projects Fund	1,832,196	1,658,079	4,437,221	4,423,036
Total All Other Governmental Funds	<u>\$ 23,887,214</u>	<u>\$ 21,701,994</u>	<u>\$ 25,041,591</u>	<u>\$ 25,888,045</u>

UNAUDITED

Fiscal Year

	2001	2002	2003	2004	2005	2006					
\$	134,944	\$	240,079	\$	242,960	\$	561,289	\$	512,675	\$	528,143
	4,229,143		4,796,913		4,972,246		7,139,307		8,289,063		8,737,119
\$	<u>4,364,087</u>	\$	<u>5,036,992</u>	\$	<u>5,215,206</u>	\$	<u>7,700,596</u>	\$	<u>8,801,738</u>	\$	<u>9,265,262</u>
\$	19,409,200	\$	24,446,057	\$	19,141,998	\$	21,009,691	\$	16,028,128	\$	19,787,328
	4,699,615		8,181,281		3,889,821		2,467,875		964,710		625,316
	3,709,841		1,922,803		1,723,386		3,631,201		4,729,013		8,409,694
\$	<u>27,818,656</u>	\$	<u>34,550,141</u>	\$	<u>24,755,205</u>	\$	<u>27,108,767</u>	\$	<u>21,721,851</u>	\$	<u>28,822,338</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			
	1997	1998	1999	2000
Revenues				
Property Taxes	\$ 12,668,106	\$ 11,657,539	\$ 12,115,820	\$ 14,019,527
Local Accommodations Taxes ⁽¹⁾				
Hospitality Fees	5,977,106	5,964,345	6,124,336	6,284,040
Storm Water Fees ⁽²⁾			343,866	814,323
Licenses and Permits	9,855,039	10,164,273	10,358,045	13,534,866
Fines and Forfeitures	1,302,542	1,685,275	1,832,947	1,701,595
Intergovernmental	11,819,235	8,778,775	14,018,610	9,508,215
Charges for Services	5,818,883	6,885,628	6,102,613	2,992,441
Miscellaneous	2,835,744	2,998,791	2,551,831	3,217,059
Total Revenues	<u>\$ 50,276,655</u>	<u>\$ 48,134,626</u>	<u>\$ 53,448,068</u>	<u>\$ 52,072,066</u>
Expenditures				
General Government	\$ 1,436,090	\$ 1,325,062	\$ 2,572,414	\$ 3,341,459
Public Safety	12,802,208	13,922,024	15,454,602	16,634,882
Transportation	1,864,789	3,304,573	1,951,384	2,917,487
Environmental Protection ⁽³⁾	3,928,541	3,985,374	3,506,691	
Community and Economic Development	3,987,087	3,486,071	3,413,765	3,634,615
Culture and Recreation	6,870,162	7,619,572	7,816,742	7,999,806
Public Works	682,388	828,303	782,854	888,939
Hurricane Preparedness	122,164	167	216,964	1,838,853
Capital Outlay	7,172,296	16,976,922	13,941,212	12,887,714
Debt Service:				
Principal	1,505,000	4,956,799	2,436,442	2,310,912
Interest and Fiscal Charges	2,420,095	2,464,250	2,030,672	2,196,325
Bond Issuance Costs		655,032		111,820
Payment to Escrow Agent		2,100,395		
Total Expenditures	<u>\$ 42,790,820</u>	<u>\$ 61,624,544</u>	<u>\$ 54,123,742</u>	<u>\$ 54,762,812</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 7,485,835</u>	<u>\$ (13,489,918)</u>	<u>\$ (675,674)</u>	<u>\$ (2,690,746)</u>
Other Financing Sources (Uses)				
Transfers In	\$ 11,360,950	\$ 13,606,656	\$ 17,542,291	\$ 16,936,325
Transfers Out	(11,360,950)	(12,719,726)	(18,051,544)	(17,671,484)
Proceeds From Borrowing	3,400,000	8,834,773		5,164,639
Proceeds From Refunding		21,049,140		
Payment to Escrow Agent		(20,571,301)		
Sale of Capital Assets			2,558,973	41,701
Total Other Financing Sources (Uses)	<u>\$ 3,400,000</u>	<u>\$ 10,199,542</u>	<u>\$ 2,049,720</u>	<u>\$ 4,471,181</u>

UNAUDITED

		Fiscal Year									
		2001	2002	2003	2004	2005	2006				
\$	14,918,347	\$	15,535,331	\$	15,943,052	\$	16,551,980	\$	16,857,489	\$	19,673,810
			421,712		1,615,896		1,715,805		1,750,012		1,781,272
	6,454,459		6,668,179		6,767,640		7,334,838		7,716,371		8,074,246
	1,043,866		1,083,956		1,055,727		1,128,407		1,184,488		1,211,924
	13,569,588		14,496,531		15,284,365		16,809,981		19,920,457		23,188,731
	2,129,332		1,946,785		1,924,562		2,250,250		2,344,080		2,282,006
	8,607,179		8,405,801		9,829,233		9,729,686		11,200,217		17,817,520
	3,048,250		3,176,665		3,142,227		3,213,206		3,497,092		3,846,763
	3,011,428		2,463,923		2,618,212		3,837,285		4,192,709		5,186,358
\$	<u>52,782,449</u>	\$	<u>54,198,883</u>	\$	<u>58,180,914</u>	\$	<u>62,571,438</u>	\$	<u>68,662,915</u>	\$	<u>83,062,630</u>
\$	4,433,284	\$	4,168,308	\$	4,526,805	\$	7,947,348	\$	7,282,506	\$	9,555,366
	18,759,935		20,187,425		21,109,151		21,940,883		23,170,735		25,409,173
	2,426,097		2,621,063		5,496,199		3,007,219		3,078,302		3,334,165
	3,689,431		4,031,191		6,284,247		5,971,795		4,948,187		5,767,752
	8,850,920		9,835,411		9,990,249		10,524,012		11,569,589		12,177,294
	1,024,495		1,025,378		1,044,962		1,074,709		1,148,640		1,222,358
	27,311		22,422								
	6,173,838		13,920,742		15,699,085		15,726,835		15,291,296		27,117,413
	2,806,445		2,946,817		2,723,822		3,325,601		3,882,363		4,468,925
	2,245,490		2,110,265		2,512,114		2,499,941		5,436,004		5,196,919
			231,497		299,776		1,869,131		130,301		241,372
					1,843,872		361,493				
\$	<u>50,437,246</u>	\$	<u>61,100,519</u>	\$	<u>71,530,282</u>	\$	<u>74,248,967</u>	\$	<u>75,937,923</u>	\$	<u>94,490,737</u>
\$	<u>2,345,203</u>	\$	<u>(6,901,636)</u>	\$	<u>(13,349,368)</u>	\$	<u>(11,677,529)</u>	\$	<u>(7,275,008)</u>	\$	<u>(11,428,107)</u>
\$	14,876,849	\$	15,386,569	\$	19,422,082	\$	21,386,430	\$	19,871,393	\$	21,959,087
	(15,451,800)		(14,934,015)		(20,321,294)		(22,358,005)		(20,747,181)		(22,886,382)
			13,749,783		4,112,569		59,882,006		3,865,022		19,919,413
					6,628,855		4,821,230				
					(6,463,232)		(4,775,297)				
	112,840		103,689		147,123		4,100				
\$	<u>(462,111)</u>	\$	<u>14,306,026</u>	\$	<u>3,526,103</u>	\$	<u>58,960,464</u>	\$	<u>2,989,234</u>	\$	<u>18,992,118</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			
	1997	1998	1999	2000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 10,885,835	\$ (3,290,376)	\$ 1,374,046	\$ 1,780,435
Extraordinary Item Payment to Component Unit				
Prior Period Adjustments Reimbursement From Component Unit Compensated Absences Accrual				
Net Change in Fund Balances	\$ 10,885,835	\$ (3,290,376)	\$ 1,374,046	\$ 1,780,435
Debt Service as a Percentage of Noncapital Expenditures ⁽⁷⁾	<u>11.02%</u>	<u>16.62%</u>	<u>11.12%</u>	<u>10.76%</u>

Notes:

- ⁽¹⁾ In 2002, a one-half percent local tax on rentals of transient accommodations was established.
- ⁽²⁾ In 1999, a fee imposed on all developed sites within the corporate limits of the City was established.
- ⁽³⁾ In 2000, the City established the Solid Waste Management Fund, an enterprise fund, to account for the activities previously reported in the environmental protection function.
- ⁽⁴⁾ 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.
- ⁽⁵⁾ In 2001, fund balance at the beginning of the year was adjusted for a reimbursement received from the Myrtle Beach Convention Center Hotel Corporation. The reimbursement related to costs incurred by the City in previous years in conjunction with the convention center hotel project.
- ⁽⁶⁾ In 2003, fund balances at the beginning of the year were adjusted for compensated absences recognized in previous years in order to comply with GASB Interpretation 6.
- ⁽⁷⁾ Debt service does not include bond issuance costs and payments to escrow agents.

UNAUDITED

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 1,883,092	\$ 7,404,390	\$ (9,823,265)	\$ 47,282,935	\$ (4,285,774)	\$ 7,564,011
			(42,443,983) ⁽⁴⁾		
337,262 ⁽⁵⁾		206,543 ⁽⁶⁾			
<u>\$ 2,220,354</u>	<u>\$ 7,404,390</u>	<u>\$ (9,616,722)</u>	<u>\$ 4,838,952</u>	<u>\$ (4,285,774)</u>	<u>\$ 7,564,011</u>
<u>11.41%</u>	<u>10.72%</u>	<u>9.38%</u>	<u>9.95%</u>	<u>15.37%</u>	<u>14.35%</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			
1997	\$ 117,204	\$ 54,314	\$ 171,518	\$ 72.50	\$ 3,430,374	5 %
1998	127,932	59,356	187,288	62.00	3,745,760	5
1999	129,869	60,129	189,998	62.00	3,799,975	5
2000	157,490	68,937	226,427	61.00	4,528,534	5
2001	159,799	71,288	231,087	63.25	4,621,755	5
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

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
1997	\$ 50.75	\$ 10.35	\$ 11.40	\$ 72.50	\$ 45.10	\$ 130.30	\$ 1.00
1998	40.25	9.25	12.50	62.00	45.60	128.30	1.00
1999	42.25	8.75	11.00	62.00	45.60	128.30	1.00
2000	49.00	7.25	4.75	61.00	40.20	113.00	0.70
2001	53.75	6.00	3.50	63.25	43.80	116.40	0.70
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

Source: Overlapping rates were provided by the 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 2006	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms	Real Estate Developers	\$ 16,382,948	5.88 %
Broadway at the Beach, Inc.	Mixed-Use Commercial Development	4,355,958	1.56
Patricia Grand	Real Estate & Accommodations	3,921,498	1.41
Grand Dunes Development Company	Real Estate & Accommodations	3,518,800	1.26
Grand Strand Medical Center	Hospital	3,353,000	1.20
AVX	Manufacturer	3,280,270	1.18
Coastal Grande, LLC	Retail	2,229,420	0.80
Sea Mist Association	Real Estate & Accommodations	1,974,126	0.71
Marriot Ownership Resorts	Real Estate & Accommodations	1,931,550	0.69
Landmark, LLC	Real Estate & Accommodations	1,913,826	0.69
		<u>\$ 42,861,396</u>	<u>15.38 %</u>

Taxpayer	Type of Business	Fiscal Year 1997	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms	Real Estate Developers	\$ 7,624,821	4.45 %
AVX	Manufacturer	7,114,652	4.15
Verizon South, Inc.	Utility	4,417,490	2.58
Patricia Grand	Real Estate & Accommodations	1,675,314	0.98
Sea Mist Association	Real Estate & Accommodations	1,405,398	0.82
Grand Strand Medical Center	Hospital	1,250,652	0.73
T-H Myrtle Beach Limited	Real Estate Developers	1,164,000	0.68
Landmark, LLC	Real Estate & Accommodations	1,123,350	0.65
Breakers	Real Estate & Accommodations	1,060,750	0.62
General Direct Marketing	Real Estate & Accommodations	855,054	0.48
		<u>\$ 27,691,481</u>	<u>16.14 %</u>

Source: Horry County Assessor's Office

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
1997	\$ 10,513,650	\$ 9,996,173	95.08 %	\$ 460,459	\$ 10,456,632	99.46 %
1998	10,658,133	10,266,262	96.32	319,203	10,585,465	99.32
1999	11,036,954	10,725,443	97.18	247,070	10,972,513	99.42
2000	13,340,781	12,504,139	93.73	748,260	13,252,399	99.34
2001	13,567,936	13,010,856	95.89	455,391	13,466,247	99.25
2002	14,443,931	13,872,611	96.04	468,928	14,341,539	99.29
2003	13,794,858	13,322,811	96.58	321,622	13,644,433	98.91
2004	15,734,575	15,161,238	96.36	433,074	15,594,312	99.11
2005	14,870,980	14,359,330	96.56	312,040	14,671,370	98.66
2006	17,019,044	16,527,735	97.11		16,527,735	97.11

Sources: Horry County Treasurer's Office 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			Percentage Billed	Sewer	Number of Customers
	Gallons Produced	Gallons Billed	Gallons Unbilled		Gallons Billed	
1997	4,763,747	4,430,945	332,802	93.01 %	2,226,715	11,434
1998	5,030,366	4,658,344	372,022	92.60	2,537,032	12,030
1999	5,442,418	4,988,727	453,691	91.66	3,037,587	13,378
2000	5,644,221	5,083,858	560,363	90.07	3,147,305	13,519
2001	5,609,331	4,992,201	617,130	89.00	3,011,112	14,081
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

Source: City Water and Sewer Department

Notes: Gallons are presented in thousands.

⁽¹⁾ The water and sewer base rates are for 3/4" - 5/8" meters inside the City limits. See Schedule 11 for other rates.

⁽²⁾ The water and sewer usage rates are per 1,000 gallons inside the City limits. See Schedule 11 for other rates.

UNAUDITED

Total Direct Rate

Water		Sewer	
Base Rate ⁽¹⁾	Usage Rate ⁽²⁾	Base Rate ⁽¹⁾	Usage Rate ⁽²⁾
\$ 7.80	\$ 1.95	\$ 8.76	\$ 2.19
7.80	1.95	8.76	2.19
8.36	2.09	8.76	2.19
8.36	2.09	8.76	2.19
8.88	2.22	8.76	2.19
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	9.51	2.38
10.08	2.52	9.51	2.38

Schedule 11

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

	Fiscal Year			
	1997	1998	1999	2000
Water Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	\$ 7.80	\$ 7.80	\$ 8.36	\$ 8.36
1"	15.60	15.60	16.72	16.72
1 1/2"	29.25	29.25	31.35	31.35
2"	39.00	39.00	41.80	41.80
3"	97.50	97.50	104.50	104.50
4"	195.00	195.00	209.00	209.00
6"	585.00	585.00	627.00	627.00
Usage Rate (<i>per 1,000 gallons</i>)	1.95	1.95	2.09	2.09
Water Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	15.60	15.60	16.72	16.72
1"	31.20	31.20	33.44	33.44
1 1/2"	58.50	58.50	62.70	62.70
2"	78.00	78.00	83.60	83.60
3"	195.00	195.00	209.00	209.00
4"	390.00	390.00	418.00	418.00
6"	1,170.00	1,170.00	1,254.00	1,254.00
Usage Rate (<i>per 1,000 gallons</i>)	3.90	3.90	4.18	4.18
Sewer Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	8.76	8.76	8.76	8.76
1"	17.52	17.52	17.52	17.52
1 1/2"	32.85	32.85	32.85	32.85
2"	43.80	43.80	43.80	43.80
3"	109.50	109.50	109.50	109.50
4"	219.00	219.00	219.00	219.00
6"	657.00	657.00	657.00	657.00
Usage Rate (<i>per 1,000 gallons</i>)	2.19	2.19	2.19	2.19
Sewer Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	17.52	17.52	17.52	17.52
1"	35.04	35.04	35.04	35.04
1 1/2"	65.70	65.70	65.70	65.70
2"	87.60	87.60	87.60	87.60
3"	219.00	219.00	219.00	219.00
4"	438.00	438.00	438.00	438.00
6"	1,314.00	1,314.00	1,314.00	1,314.00
Usage Rate (<i>per 1,000 gallons</i>)	4.38	4.38	4.38	4.38

Source: City Water and Sewer Department

UNAUDITED

Fiscal Year

	2001	2002	2003	2004	2005	2006
\$	8.88	\$ 9.24	\$ 9.60	\$ 9.92	\$ 10.08	\$ 10.08
	17.76	18.48	19.20	19.84	20.16	20.16
	33.30	34.65	36.00	37.20	37.80	37.80
	44.40	46.20	48.00	49.60	50.39	50.39
	111.00	115.50	120.00	124.00	125.98	125.98
	222.00	231.00	240.00	248.00	251.97	251.97
	666.00	693.00	720.00	744.00	755.90	755.90
	2.22	2.31	2.40	2.48	2.52	2.52
	17.76	18.48	19.20	19.84	20.16	20.16
	35.52	36.96	38.40	39.68	40.32	40.32
	66.60	69.30	72.00	74.40	75.60	75.60
	88.80	92.40	96.00	99.20	100.80	100.80
	222.00	231.00	240.00	248.00	252.00	252.00
	444.00	462.00	480.00	496.00	504.00	504.00
	1,332.00	1,386.00	1,440.00	1,488.00	1,512.00	1,512.00
	4.44	4.62	4.80	4.96	5.04	5.04
	8.76	8.76	8.96	9.36	9.51	9.51
	17.52	17.52	17.92	18.72	19.02	19.02
	32.85	32.85	33.60	35.10	35.66	35.66
	43.80	43.80	44.80	46.80	47.55	47.55
	109.50	109.50	112.00	117.00	118.87	118.87
	219.00	219.00	224.00	234.00	237.74	237.74
	657.00	657.00	672.00	702.00	713.23	713.23
	2.19	2.19	2.24	2.34	2.38	2.38
	17.52	17.52	17.92	18.72	19.04	19.04
	35.04	35.04	35.84	37.44	38.08	38.08
	65.70	65.70	67.20	70.20	71.40	71.40
	87.60	87.60	89.60	93.60	95.20	95.20
	219.00	219.00	224.00	234.00	238.00	238.00
	438.00	438.00	448.00	468.00	476.00	476.00
	1,314.00	1,314.00	1,344.00	1,404.00	1,428.00	1,428.00
	4.38	4.38	4.48	4.68	4.76	4.76

Schedule 12

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

Customer	Fiscal Year 2006			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
City of North Myrtle Beach	\$ 2,040,631	14.74 %	\$	%
Kingston Plantation	177,414	1.28	162,602	1.70
Myrtle Beach Travel Park	161,781	1.17	152,796	1.60
Djont Leasing, LLC	106,577	0.77	74,004	0.77
AVX Corporation	105,576	0.76	88,257	0.92
Magnolia Place POA	104,000	0.75	98,246	1.03
Grand Dunes Mariott	77,150	0.56	58,960	0.62
Grand Strand Regional Medical Center	72,564	0.52	56,787	0.59
Apache Family Campground	69,723	0.50	65,803	0.69
Sands Property HOA	64,556	0.47	54,271	0.57
Coral Beach			46,719	0.49
	<u>\$ 2,979,972</u>	<u>21.52 %</u>	<u>\$ 858,445</u>	<u>8.98 %</u>

Customer	Fiscal Year 1997			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
City of North Myrtle Beach	\$ 2,137,223	22.00 %	\$	%
New Canaan Road Holdings	89,700	0.92	100,740	1.32
AVX Corporation	83,993	0.86	94,329	1.24
Kingston Plantation	59,476	0.61	66,794	0.88
Grand Strand Regional Medical Center	57,534	0.59	64,613	0.85
Myrtle Beach Travel Park	54,211	0.56	60,881	0.80
F-M Myrtle Beach, LP	52,606	0.54	59,079	0.78
Best Western Landmark	39,976	0.41	44,894	0.59
Patricia Grand	39,391	0.41	44,237	0.58
GAH II Limited Partnership	35,685	0.37	40,077	0.53
The Palace Resort			38,325	0.50
	<u>\$ 2,649,795</u>	<u>27.27 %</u>	<u>\$ 613,969</u>	<u>8.07 %</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
1997	\$ 10,655,000	\$ 20,830,000	\$ 8,620,000	\$	\$	\$	\$
1998	11,395,000	21,385,000	11,540,000				323,191
1999	10,550,000	20,640,000	10,765,000				251,748
2000	14,735,000	20,045,000	9,950,000				286,762
2001	13,640,000	19,290,000	9,095,000				185,317
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

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

⁽¹⁾ In 2006, the City extinguished all of its outstanding water and sewer revenue bonds.

⁽²⁾ 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>Water and Sewer Revenue Bonds ⁽¹⁾</u>	<u>Certificates of Participation</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income ⁽²⁾</u>	<u>Per Capita ⁽²⁾</u>
\$ 57,265,000	\$	\$ 97,370,000	19.50 %	\$ 3,472
54,930,000		99,573,191	16.79	3,227
51,250,000	10,295,000	103,751,748	17.50	3,363
47,415,000	9,960,000	102,391,762	17.27	3,319
43,395,000	9,610,000	95,215,317	13.37	3,086
51,383,279	9,250,000	113,526,780	15.94	3,680
49,575,959	8,875,000	114,450,493	15.98	3,710
46,372,299	8,485,000	168,077,736	23.37	5,448
41,568,571	8,075,000	163,505,075	21.56	5,300
	7,650,000	136,368,903	17.49	4,420

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		
1997	\$ 10,655,000	\$ 1,071,379	\$ 9,583,621	0.28 %	\$ 342
1998	11,395,000	1,097,678	10,297,322	0.27	334
1999	10,550,000	1,352,855	9,197,145	0.24	298
2000	14,735,000	1,512,031	13,222,969	0.29	429
2001	13,640,000	998,398	12,641,602	0.27	410
2002	26,115,000	432,498	25,682,502	0.54	832
2003	24,515,000	584,333	23,930,667	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

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, 2006**

	<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	\$ 72,920,000	24.0%	\$ 17,500,800
Horry County School District:			
General Obligation Bonds	290,640,000	24.0%	<u>69,753,600</u>
Total Overlapping Governmental Activities Debt			\$ 87,254,400
City Direct Governmental Activities Debt			<u>128,718,903</u>
Total Direct and Overlapping Governmental Activities Debt			\$ <u><u>215,973,303</u></u>

Source: Debt outstanding data provided by the Horry County 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			
	1997	1998	1999	2000
Debt Limit	\$ 13,994,059	\$ 15,255,603	\$ 15,472,463	\$ 18,386,698
Total Net Debt Applicable to Debt Limit	<u>(10,655,000)</u>	<u>(11,395,000)</u>	<u>(10,550,000)</u>	<u>(14,735,000)</u>
Legal Debt Margin	<u>\$ 3,339,059</u>	<u>\$ 3,860,603</u>	<u>\$ 4,922,463</u>	<u>\$ 3,651,698</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>76.14%</u>	<u>74.69%</u>	<u>68.19%</u>	<u>80.14%</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					
2001	2002	2003	2004	2005	2006
\$ 18,759,582	\$ 19,262,342	\$ 19,663,652	\$ 20,140,066	\$ 20,004,876	\$ 22,560,818
<u>(13,640,000)</u>	<u>(14,945,000)</u>	<u>(13,595,000)</u>	<u>(12,365,000)</u>	<u>(10,820,000)</u>	<u>(11,705,000)</u>
<u>\$ 5,119,582</u>	<u>\$ 4,317,342</u>	<u>\$ 6,068,652</u>	<u>\$ 7,775,066</u>	<u>\$ 9,184,876</u>	<u>\$ 10,855,818</u>
<u>72.71%</u>	<u>77.59%</u>	<u>69.14%</u>	<u>61.40%</u>	<u>54.09%</u>	<u>51.88%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 278,603,191
Exempt Merchants Inventory (1987 Valuation)	<u>3,407,035</u>
Adjusted Assessed Value of Taxable Property	<u>\$ 282,010,226</u>

Debt Limit (8.0% of Adjusted Assessed Value) \$ 22,560,818

Debt Applicable to Limit:

General Obligation Bonds	(42,365,000)
Bonds Issued Under Referendum	<u>30,660,000</u>

Legal Debt Margin \$ 10,855,818

Schedule 17

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

Fiscal Year	Water and Sewer Revenue Bonds						Coverage
	Operating Revenues	Operating Expenses ⁽¹⁾	Net Available Revenue	Debt Service			
				Principal	Interest		
1997	\$ 17,969,739	\$ 11,160,622	\$ 6,809,117	\$ 2,245,000	\$ 2,964,560	1.31	
1998	18,703,498	12,099,702	6,603,796	2,335,000	2,874,225	1.27	
1999	20,648,691	13,121,812	7,526,879	3,680,000	2,775,600	1.17	
2000	21,183,767	12,779,261	8,404,506	3,835,000	2,611,020	1.30	
2001	21,072,377	14,167,268	6,905,109	4,020,000	2,435,660	1.07	
2002	21,271,207	14,176,300	7,094,907	4,205,000	2,244,180	1.10	
2003	22,167,314	15,047,909	7,119,405	4,760,233	2,021,117	1.05	
2004	23,359,336	16,303,695	7,055,641	5,198,692	2,324,444	0.94	
2005	23,524,036	16,029,629	7,494,407	5,418,555	2,113,443	1.00	
2006	24,227,797	16,436,655	7,791,142	2,394,844	2,113,118	1.73	

Fiscal Year	Hospitality Fee Revenue Bonds ⁽²⁾				Coverage
	Hospitality Fees	Debt Service			
		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	

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

⁽¹⁾ Operating expenses do not include depreciation.

⁽²⁾ The City's hospitality fee revenue bonds were issued in 2004.

⁽³⁾ The City's storm water revenue bonds were issued in 2005.

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Tax Increment Revenue Bonds

Property Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 1,082,200	\$ 495,000	\$ 535,840	1.05
1,114,181	520,000	510,595	1.08
1,313,396	775,000	631,075	0.93
1,777,024	815,000	591,850	1.26
1,743,556	855,000	550,166	1.24
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

Storm Water Revenue Bonds ⁽³⁾

Storm Water Fees	Debt Service		Coverage
	Principal	Interest	
\$ 1,184,488	\$ 0	\$ 0	N/A
1,211,924	0	0	N/A

Schedule 18

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (Thousands of Dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
1996	28,047	\$ 499,433	\$ 17,807	33.8	5.92 %
1997	30,852	592,975	19,220	33.8	3.90
1998	30,852	592,975	19,220	33.8	4.08
1999	30,852	592,975	19,220	33.8	4.25
2000	30,852	712,311	23,088	36.9	3.76
2001	30,852	712,311	23,088	38.3	4.86
2002	30,852	716,198	23,214	38.3	5.48
2003	30,852	719,314	23,315	38.3	4.64
2004	30,852	758,466	24,584	38.3	6.00
2005	30,852	779,506	25,266	38.3	5.30

Sources: Myrtle Beach and South Carolina Grand Strand Demographic Profile, South Carolina Statistical Abstract and Places Rated Almanac.

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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 2005	
		Employees	Percentage of Total County Employment
Horry County School District	Education	4,441	4.17 %
Burroughs and Chapin	Developer	2,400	2.26
Wal-Mart	Retail Sales	2,105	1.98
Horry County Government	County Government	1,500	1.41
AVX Corporation	Manufacturer	1,500	1.41
Conway Hospital	Hospital	1,100	1.03
Coastal Carolina University	Higher Education	1,033	0.97
Grand Strand Regional Medical Center	Hospital	1,000	0.94
Blue Cross Blue Shield	Insurance Provider	1,000	0.94
Myrtle Beach National	Golf Courses & Accommodations	1,000	0.94
		<u>17,079</u>	<u>16.05 %</u>

Employer	Type of Business	Calendar Year 1996	
		Employees	Percentage of Total County Employment
Horry County School District	Education	3,042	3.22 %
AVX Corporation	Manufacturer	1,890	2.00
Horry County Government	County Government	1,089	1.15
Sands Ocean Front Resorts	Accommodations	935	0.99
Conway Hospital	Hospital	750	0.79
City of Myrtle Beach	Municipal Government	703	0.74
Grand Strand Regional Medical Center	Hospital	670	0.71
Coastal Carolina University	Higher Education	523	0.55
Kingston Plantation	Accommodations	510	0.54
Loris Community Hospital	Hospital	465	0.49
		<u>10,577</u>	<u>11.18 %</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,			
	1997	1998	1999	2000
Full-Time Equivalent Employees				
General Government	61	62	62	70
Public Safety	285	297	317	338
Transportation	25	25	26	26
Environmental Protection ⁽¹⁾	40	40	40	
Community and Economic Development	25	25	25	26
Culture and Recreation	102	107	109	112
Public Works	24	25	25	27
Water	52	53	53	53
Sewer	58	58	58	59
Municipal Golf Course	18	18	18	17
Solid Waste Management ⁽¹⁾				35
Total Full-Time Equivalent Employees	690	710	733	763

Source: City Finance Department

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

⁽¹⁾ In 2000, the City established the Solid Waste Management Fund, an enterprise fund, to account for the activities previously reported in the environmental protection function.

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As of June 30,

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
70	70	68	70	71	72
353	353	361	362	385	395
28	28	26	26	27	27
26	26	26	26	27	30
114	117	125	127	136	136
27	27	27	27	27	27
53	51	51	52	52	52
58	57	56	56	56	56
16	16	16	15	15	15
<u>35</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
<u><u>780</u></u>	<u><u>775</u></u>	<u><u>786</u></u>	<u><u>791</u></u>	<u><u>826</u></u>	<u><u>840</u></u>

Schedule 21

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

	Fiscal Year			
	1997	1998	1999	2000
General Government				
New Business Licenses Issued	1,154	1,038	920	860
Public Safety				
Calls for Services - Police	83,372	81,565	75,512	78,730
Total Arrests	19,725	23,024	21,885	24,498
Fire Calls per Engine Company	228	264	310	335
Transportation				
Square Yards of Sidewalks Replaced	*	*	600	1,000
Square Yards of City Streets Resurfaced	111,523	127,483	83,301	91,418
Environmental Protection ⁽¹⁾				
Tons of Refuse Collected	60,756	60,530	45,328	
Community and Economic Development				
Building Permits Issued	701	582	582	1,213
Culture and Recreation				
Admissions to Recreation Centers	48,635	86,840	84,313	94,993
Exhibition Hall Occupancy Percentage	59%	58%	55%	52%
Number of Library Volumes	79,900	82,209	85,471	87,781
Water				
Average Daily Consumption (<i>thousands of gallons</i>)	12,140	12,763	13,668	13,928
Sewer				
Average Daily Treatment (<i>thousands of gallons</i>)	6,101	6,951	8,322	8,623
Municipal Golf Course				
Number of Rounds Played	54,350	50,972	49,720	53,223
Solid Waste Management ⁽¹⁾				
Tons of Refuse Collected				34,100

Sources: Various City departments.

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

⁽¹⁾ In 2000, the City established the Solid Waste Management Fund, an enterprise fund, to account for the activities previously reported in the environmental protection function.

⁽²⁾ In 2005, the City's largest recreation center was closed for renovations.

* Information not available.

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Fiscal Year					
2001	2002	2003	2004	2005	2006
959	995	1,023	1,553	1,626	1,470
85,412	84,964	93,739	97,775	101,488	102,787
26,360	29,052	33,246	33,901	35,529	21,043
433	379	348	386	400	339
1,000	1,000	1,000	1,000	2,000	1,000
85,887	95,491	68,635	68,432	48,273	32,230
2,301	794	2,759	2,309	3,407	4,525
89,261	93,719	85,796	88,250	22,531 ⁽²⁾	89,247
56%	56%	54%	62%	67%	73%
97,161	79,190	74,454	72,232	79,440	79,298
13,677	13,925	14,402	13,602	13,742	13,328
8,250	8,087	8,037	9,320	8,690	8,316
45,692	33,115	41,395	36,408	39,025	41,928
*	21,080	18,407	17,526	20,179	17,711

Schedule 22

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

	Fiscal Year			
	1997	1998	1999	2000
Public Safety				
Police Stations	1	1	1	1
Fire Stations	4	4	5	5
Transportation				
Streets (<i>miles</i>)	200	200	200	200
Traffic Signals	40	42	42	42
Environmental Protection ⁽¹⁾				
Transfer Stations	1	1	1	
Collection Trucks	26	27	27	
Culture and Recreation				
Parks	31	36	36	37
Park Acreage	35	50	50	55
Recreation Centers	3	3	3	3
Libraries	1	1	1	1
Cemeteries	2	2	2	2
Water				
Water Mains (<i>miles</i>)	510	511	515	521
Sewer				
Gravity Sewers (<i>miles</i>)	180	181	184	188
Storm Sewers (<i>miles</i>)	37	37	37	37
Baseball Stadium				
Baseball Stadiums			1	1
Municipal Golf Course				
Number of Championship Holes	18	18	18	18
Solid Waste Management ⁽¹⁾				
Transfer Stations				1
Collection Trucks				27

Sources: Various City departments.

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

⁽¹⁾ In 2000, the City established the Solid Waste Management Fund, an enterprise fund, to account for the activities previously reported in the environmental protection function.

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Fiscal Year						
2001	2002	2003	2004	2005	2006	
1	2	2	2	2	2	2
5	5	5	5	5	5	6
200	200	200	202	202	203	
45	51	54	57	60	62	
37	50	51	39	39	39	
55	90	93	383	383	383	
3	3	3	3	3	3	
1	1	1	1	1	1	
2	2	2	2	2	2	
521	531	532	533	536	541	
188	194	195	205	206	206	
37	52	53	57	58	58	
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, 2006

<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 Justice:			
Local Law Enforcement Block Grant	16.592	04-LBBX-0329	\$ 7,042
Bulletproof Vest Partnership Grant	16.607	00001903	9,095
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-1214	24,993
Passed Through the State Department of Public Safety: Edward Byrne Memorial Justice Assistance Grant	16.738	1D05031	<u>63,690</u>
Total U.S. Department of Justice			\$ <u>104,820</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	14.218	B-05-MC-4500100	\$ 20,897
		B-06-MC-4500100	<u>191,374</u>
Total U.S. Department of Housing and Urban Development			\$ <u>212,271</u>
U.S. Environmental Protection Agency:			
Congressionally Mandated Projects Grant - SPAPS, Region 4	66.202	XP-96406004-0	\$ 29,361
Passed Through the State Department of Health and Environmental Control: Beach Monitoring and Notification Program Implementation Grant	66.472	EQ-5-623	9,217
		EQ-6-883	2,670
		599934	48,918
		599939	11,208
Passed Through the State Budget and Control Board: Capitalization Grants for Clean Water State Revolving Funds	66.458	1-099-05-494-06	<u>1,976,285</u>
Total U.S. Environmental Protection Agency			\$ <u>2,077,659</u>
U.S. Department of Agriculture:			
Passed Through the State Forestry Commission: Cooperative Forestry Assistance Grant	10.664	2005U12	\$ <u>3,347</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006

<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:			
Passed Through the State Law Enforcement Division:			
Homeland Security Grant	97.067	5SHSP82	\$ <u>57,714</u>
U.S. Department of Transportation:			
Passed Through the State Department of Transportation:			
Recreational Trails Grant	20.219	26H22MP05001	\$ 332,728
Highway Planning and Construction Grant	20.205	26QZZDOT5003 URYC(005)	173,573 <u>3,558</u>
Total U.S. Department of Transportation			\$ <u>509,859</u>
Total Expenditures of Federal Awards			\$ <u><u>2,965,670</u></u>

Note 1 - BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of the City of Myrtle Beach, South Carolina and is presented on the accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



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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, 2006, which collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements and have issued our report thereon dated October 31, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 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*.

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American Institute of Certified Public Accountants - Private Companies Practice Section

We noted certain matters that we reported to management of the City of Myrtle Beach, South Carolina in a separate letter dated October 31, 2006.

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

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

Myrtle Beach, South Carolina
October 31, 2006



**SMITH SAPP
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Professional Association
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND 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 compliance of the City of Myrtle Beach, South Carolina with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City of Myrtle Beach, South Carolina is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the

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purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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
October 31, 2006

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006

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 reportable conditions 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 reportable conditions 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 the major federal programs.
6. There are no audit findings for the major programs, which are required to be reported.
7. The programs tested as a major program were:
 - U.S. Environmental Protection Agency, Capitalization Grants for Clean Water State Revolving Funds - CFDA No. 66.458
 - U.S. Department of Transportation, Recreational Trails Grant - CFDA No. 20.219
8. The threshold for distinguishing between type A and B programs was \$300,000.
9. The City of Myrtle Beach, South Carolina qualified as a low-risk auditee.



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CITY OF MYRTLE BEACH SOUTH CAROLINA
Comprehensive Annual Financial Report
Fiscal Year Ended • June 30, 2006