

CITY OF MYRTLE BEACH SOUTH CAROLINA



Comprehensive Annual
Financial Report
Fiscal Year Ended
June 30, 2007



First In Service

**CITY of MYRTLE BEACH,
SOUTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2007

CITY COUNCIL

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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

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended June 30, 2006**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	i
Organizational Chart	iv
Letter of Transmittal	v
Certificate of Achievement for Excellence in Financial Reporting	xii
 FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
 Basic Financial Statements	
Government-Wide Financial Statements:	
A-1 Statement of Net Assets	12
A-2 Statement of Activities	14
Fund Financial Statements:	
A-3 Balance Sheet - Governmental Funds	16
A-4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	20
A-5 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
A-6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
A-7 Statement of Net Assets - Proprietary Funds	26
A-8 Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	30
A-9 Statement of Cash Flows - Proprietary Funds	34
A-10 Statement of Fiduciary Net Assets - Agency Fund	40
Notes to Financial Statements	41
 Required Supplementary Information	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
B-1 General Fund	70
B-2 Convention Center Fund	71
B-3 Hospitality Fee Fund	72
Notes to Required Supplementary Information	73
 Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds:	
C-1 Combining Balance Sheet	76
C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	78
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Nonmajor Governmental Funds:	
C-3 Accommodations Tax Fund	80
C-4 Public Facilities Corporation Fund	81

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended June 30, 2006**

TABLE OF CONTENTS (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Combining and Individual Fund Statements and Schedules (continued)	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued):	
Nonmajor Governmental Funds (continued):	
C-5 Community Block Development Fund	82
C-6 Tax Increment Revenue Fund	83
C-7 Victims Advocate Fund	84
C-8 Storm Water Fund	85
C-9 Local Accommodations Tax Fund	86
C-10 Debt Service Fund	87
Capital Projects Fund:	
C-11 Capital Improvements Fund	88
Internal Service Funds:	
D-1 Combining Statement of Net Assets	90
D-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	91
D-3 Combining Statement of Cash Flows	92
Agency Fund:	
Firemen's Fund:	
E-1 Statement of Changes in Assets and Liabilities	95
Discretely Presented Component Unit:	
Myrtle Beach Downtown Redevelopment Corporation:	
F-1 Balance Sheet	97
F-2 Statement of Revenues, Expenditures and Changes in Fund Balances	98
Other Supplementary Information	
Schedules of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual:	
Enterprise Funds:	
G-1 Water and Sewer Fund	100
G-2 Baseball Stadium Fund	101
G-3 Municipal Golf Course Fund	102
G-4 Solid Waste Management Fund	103
Other Schedule:	
G-5 Schedule of Fines, Assessments and Surcharges	104
STATISTICAL SECTION	
Schedule 1 Net Assets by Component	106
Schedule 2 Changes in Net Assets	108
Schedule 3 Program Revenues by Function/Program	112
Schedule 4 Fund Balances, Governmental Funds	114
Schedule 5 Changes in Fund Balances, Governmental Funds	116
Schedule 6 Assessed Value and Estimated Actual Value of Taxable Property	120
Schedule 7 Direct and Overlapping Property Tax Rates	121

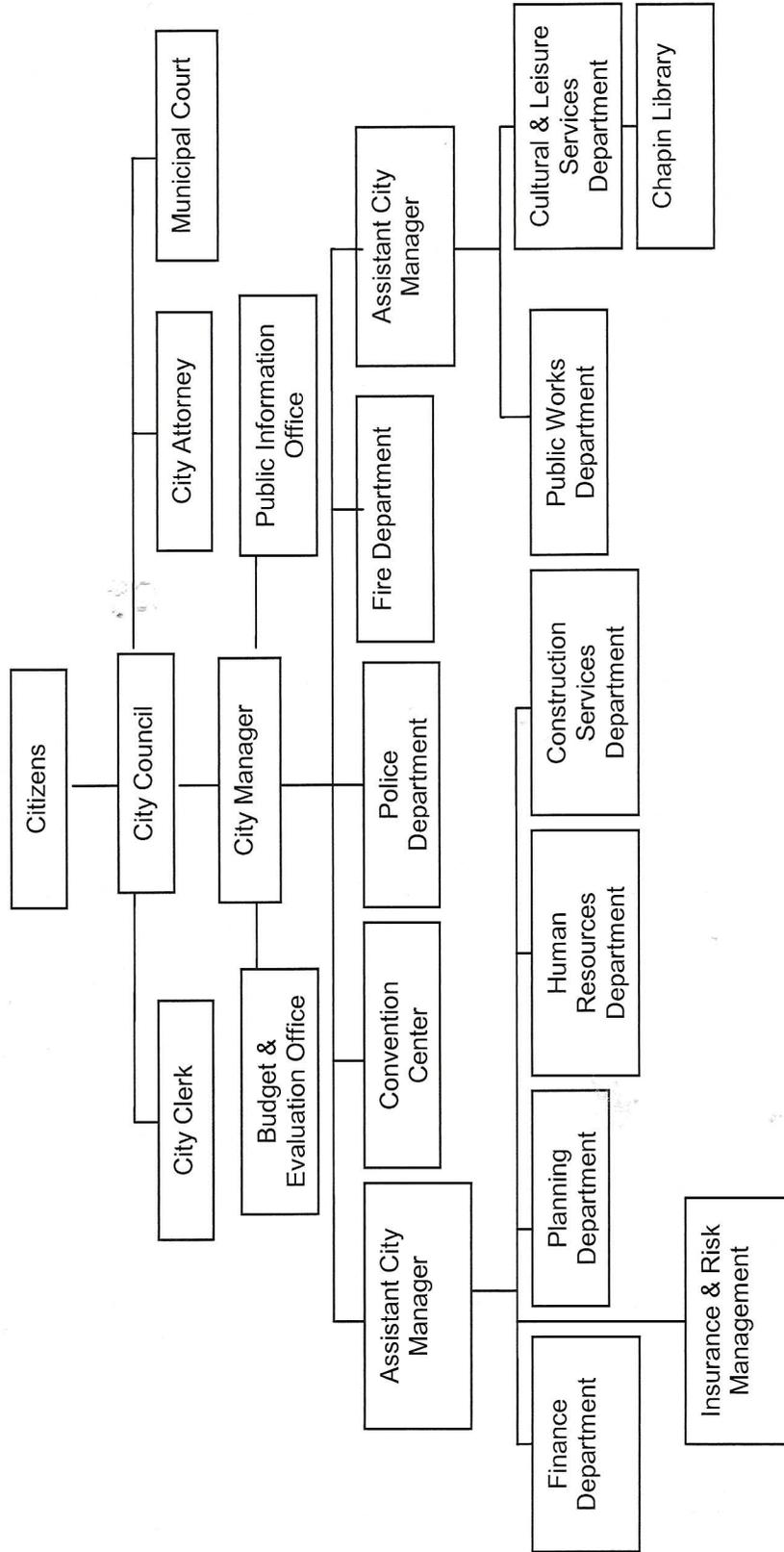
**CITY OF MYRTLE BEACH, SOUTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended June 30, 2006**

TABLE OF CONTENTS (continued)

	<u>Page</u>
STATISTICAL SECTION (continued)	
Schedule 8 Principal Property Tax Payers	122
Schedule 9 Property Tax Levies and Collections	123
Schedule 10 Water and Sewer Gallons and Number of Customers	124
Schedule 11 Water and Sewer Rates	126
Schedule 12 Principal Water and Sewer Customers	128
Schedule 13 Ratios of Outstanding Debt by Type	129
Schedule 14 Ratios of Net General Bonded Debt Outstanding	131
Schedule 15 Direct and Overlapping Governmental Activities Debt	132
Schedule 16 Legal Debt Margin Information	133
Schedule 17 Pledged-Revenue Coverage	135
Schedule 18 Demographic and Economic Statistics	137
Schedule 19 Principal Employers	138
Schedule 20 Full-Time Equivalent Employees by Function/Program	139
Schedule 21 Operating Indicators by Function/Program	141
Schedule 22 Capital Asset Statistics by Function/Program	143
 SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	145
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 <i>Government Auditing Standards</i>	147
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	149
Schedule of Findings and Questioned Costs	151

City of Myrtle Beach

Organizational Chart





City of Myrtle Beach

SOUTH CAROLINA

OFFICE OF THE FINANCE DIRECTOR

November 30, 2007

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, 2007, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

GENERAL INFORMATION

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

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

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

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

Population: Since 1950, the population has grown approximately 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

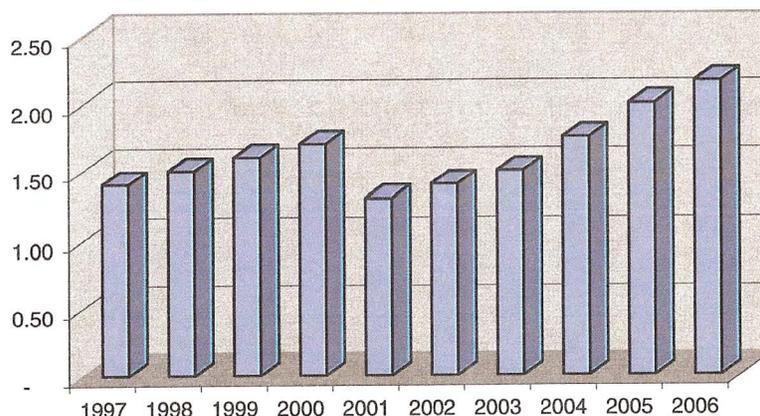
Government: The Myrtle Beach government is organized according to the Council-Manager form of government. The Mayor and City Council constitute the governing body of the City and formulate policy for the administration of the City. The six members of the City Council are elected on an at-large basis 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 \$2.16 billion last year, an increase of 10.8% over the previous year.

Myrtle Beach Retail Sales, 1997-06 (\$ billions)

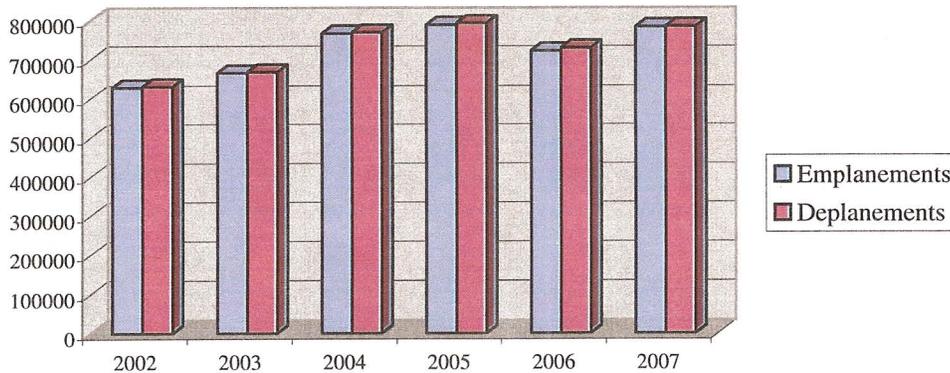


Accommodations taxes collected by the State from the accommodations and tourism industry within the City of Myrtle Beach for the fiscal year ended June 30, 2007 was \$7,137,614 of which \$6,503,233 was allocated back to the City of Myrtle Beach for tourism related expenditures.

The unemployment rate for calendar year 2006 was 5.4% compared to 5.3% in calendar year 2005.

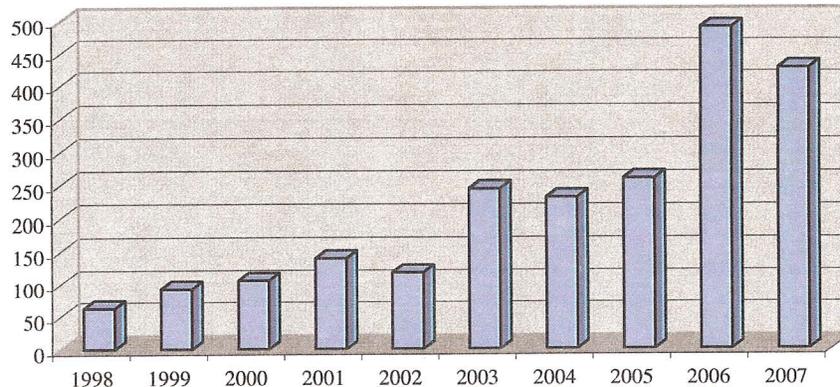
The number of passengers traveling through the Myrtle Beach International Airport is rising again. Total passengers traveling through the airport were 1,567,851 for the year 2007 compared with 1,446,520 in the year 2006.

Passangers Handled - Myrtle Beach International Airport, 2002-June 2007



Figures for the year ended June 30, 2007, indicate that buildings permitted by the City totaled \$427,278,769.

Construction Permitted Inside Corporate Limit, 1998-07 (\$ millions)



MAJOR INITIATIVES FOR THE YEAR

The City issued \$32,595,345 of tax increment revenue bonds to finance the costs of acquiring and constructing public improvements. The City, in conjunction with a private developer, began 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.

Renovations and improvements to Crabtree Gymnasium on the former Myrtle Beach Air Force Base began during the year. The \$6,200,000 project is scheduled to be completed by fiscal year 2009.

The City completed a \$2,068,286 upgrade of all public safety radios to an 800 Mhz system.

The City initiated a parking decal program for City residents, which allows them to park at City meters without paying. Over 4,000 decals were issued.

The City implemented a new water and sewer rate structure beginning in April 2007. The change includes a fixed base charge with a tiered volume charge.

Work continued on the placement of underground conduit in key locations of the City.

FOR THE FUTURE

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

- The City continues the dramatic transformation at the former Myrtle Beach Air Force Base with the current construction of the Market Common, the renovation of Crabtree Gymnasium and continued 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, landscaping and irrigation systems within the park property.
- Continued construction and expansion of storm water infrastructure focusing on major drainage basins throughout the City.
- Continued 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 City has appropriated \$1,000,000 for the acquisition of property slated for the future site of the City Government Complex.
- Continued improvements in transportation such as the second phase of widening Seaboard Street, installation of a traffic signal at the Pinewood intersection, installation of a traffic island at Pine Lakes Drive, replacement of mastarms along South Ocean Boulevard, construction of a roadway connecting Oak Forest Lane to Grissom Parkway, and construction of an asphalt multipurpose trail.

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, 2007, 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. The City's Health Insurance Fund accounts for and finances employee medical claims. The Health Insurance Fund provides coverage for up to \$100,000 per employee per year. The City purchases commercial insurance for claims in excess of the coverage provided by the Health Insurance Fund. 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

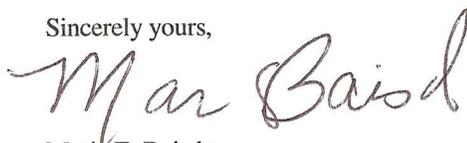
Independent Audit: State statutes require an annual audit by independent certified public accountants. The accounting firm of Smith, Sapp, Bookhout, Crumpler & Calliham, P.A. was selected to perform the audit. In addition to meeting the requirements

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, 2006. 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 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, 2006

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



**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, 2007, 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007, 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 66 through 70, 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
Professional Association of Certified Public Accountants

Myrtle Beach, South Carolina
November 30, 2007

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2007**

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, 2007. 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 \$214,576,582 (net assets).
- The City's total net assets increased by \$57,494,821. This is the result of an increase in net assets of our governmental-type activities of \$37,683,895, or 82.6%, and an increase in net assets of our business-type activities of \$19,810,926, or 17.8%.
- The City's total revenues amounted to \$126,903,580 during the year ended June 30, 2007. Revenues of governmental activities totaled \$92,816,482, an increase of 3.5%, and revenues of business-type activities were \$34,087,098, a decrease of 5.1%.
- During the year ended June 30, 2007, the City's total expenses amounted to \$109,913,219. Expenses of governmental activities totaled \$77,969,249, an increase of 18.2%, and expenses of business-type activities were \$31,943,970, a 5.3% increase.
- At June 30, 2007, the City's governmental funds reported combined fund balances of \$55,794,851, an increase of \$17,707,251 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 \$47,145,022, or 36.1%, for governmental activities and an increase of \$18,102,631, or 18.5%, for business-type activities.
- At year-end, the City had \$166,861,500 in outstanding bonds payable, note payable and capital lease obligations compared to \$136,368,903 last year, an increase of 22.4%.

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 36 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 37. 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 36 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 37.

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 66. Combining and individual fund statements and schedules and other supplementary information can be found on pages 72 - 101.

The City as a Whole

Condensed statements of net assets at June 30, 2007 and 2006 are shown below.

THE CITY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and Other Assets	\$ 86,750,008	\$ 59,711,836	\$ 26,615,195	\$ 24,314,490	\$ 113,365,203	\$ 84,026,326
Capital Assets (Net)	<u>177,870,093</u>	<u>130,725,071</u>	<u>116,030,724</u>	<u>97,928,093</u>	<u>293,900,817</u>	<u>228,653,164</u>
Total Assets	<u>\$ 264,620,101</u>	<u>\$ 190,436,907</u>	<u>\$ 142,645,919</u>	<u>\$ 122,242,583</u>	<u>\$ 407,266,020</u>	<u>\$ 312,679,490</u>
Long-Term Liabilities	\$ 157,280,602	\$ 127,289,319	\$ 6,785,318	\$ 7,266,054	\$ 164,065,920	\$ 134,555,373
Other Liabilities	<u>24,018,456</u>	<u>17,510,440</u>	<u>4,605,062</u>	<u>3,531,916</u>	<u>28,623,518</u>	<u>21,042,356</u>
Total Liabilities	<u>\$ 181,299,058</u>	<u>\$ 144,799,759</u>	<u>\$ 11,390,380</u>	<u>\$ 10,797,970</u>	<u>\$ 192,689,438</u>	<u>\$ 155,597,729</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	\$ 82,814,567	\$ 56,706,374	\$ 111,244,256	\$ 92,853,491	\$ 194,058,823	\$ 149,559,865
Restricted	20,948,781	18,735,355	690,813	662,576	21,639,594	19,397,931
Unrestricted	<u>(20,442,305)</u>	<u>(29,804,581)</u>	<u>19,320,470</u>	<u>17,928,546</u>	<u>(1,121,835)</u>	<u>(11,876,035)</u>
Total Net Assets	<u>\$ 83,321,043</u>	<u>\$ 45,637,148</u>	<u>\$ 131,255,539</u>	<u>\$ 111,444,613</u>	<u>\$ 214,576,582</u>	<u>\$ 157,081,761</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, 2007 were \$214,576,582, an increase of \$57,494,821, or 36.6%, from a year ago.

The largest portion of the City's net assets, \$194,058,823, 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, \$21,639,594, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets amounts to \$(1,121,835). 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, 2007 and 2006 follows.

THE CITY'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,540,554	\$ 14,932,956	\$ 27,582,007	\$ 28,936,831	\$ 43,122,561	\$ 43,869,787
Operating Grants and Contributions	3,197,987	803,000			3,197,987	803,000
Capital Grants and Contributions	9,962,742	14,808,105	5,274,881	6,295,323	15,237,623	21,103,428
General Revenues:						
Property Taxes	20,734,404	19,793,135			20,734,404	19,793,135
Local Accommodations Taxes	1,850,781	1,781,748			1,850,781	1,781,748
Business License Taxes	19,610,478	17,585,457			19,610,478	17,585,457
Franchise Taxes	3,224,468	2,966,514			3,224,468	2,966,514
Hospitality Fee Taxes	8,341,066	8,075,180			8,341,066	8,075,180
Grants and Contributions not Restricted to Specific Programs	8,072,328	7,811,218			8,072,328	7,811,218
Investment Earnings	<u>2,281,674</u>	<u>1,091,738</u>	<u>1,230,210</u>	<u>674,814</u>	<u>3,511,884</u>	<u>1,766,552</u>
Total Revenues	<u>\$ 92,816,482</u>	<u>\$ 89,649,051</u>	<u>\$ 34,087,098</u>	<u>\$ 35,906,968</u>	<u>\$ 126,903,580</u>	<u>\$ 125,556,019</u>
Expenses:						
General Government	\$ 9,537,675	\$ 8,335,752	\$	\$	\$ 9,537,675	\$ 8,335,752
Public Safety	27,214,495	26,163,070			27,214,495	26,163,070
Transportation	6,499,966	4,338,760			6,499,966	4,338,760
Community and Economic Development	6,363,577	6,146,463			6,363,577	6,146,463
Culture and Recreation	19,588,846	13,985,339			19,588,846	13,985,339
Public Works	1,229,671	1,263,193			1,229,671	1,263,193
Interest and Fiscal Charges	7,535,019	5,756,278			7,535,019	5,756,278
Water			12,961,816	11,977,403	12,961,816	11,977,403
Sewer			12,761,392	12,539,283	12,761,392	12,539,283
Baseball Stadium			922,727	960,144	922,727	960,144
Municipal Golf Course			1,713,721	1,372,601	1,713,721	1,372,601
Solid Waste Management			<u>3,584,314</u>	<u>3,495,721</u>	<u>3,584,314</u>	<u>3,495,721</u>
Total Expenses	<u>\$ 77,969,249</u>	<u>\$ 65,988,855</u>	<u>\$ 31,943,970</u>	<u>\$ 30,345,152</u>	<u>\$ 109,913,219</u>	<u>\$ 96,334,007</u>
Increase in Net Assets Before Special Item, Extraordinary Item and Transfers	\$ 14,847,233	\$ 23,660,196	\$ 2,143,128	\$ 5,561,816	\$ 16,990,361	\$ 29,222,012
Special Item				(18,577,670)		(18,577,670)
Extraordinary Item				(1,844,003)		(1,844,003)
Transfers	<u>(1,142,346)</u>	<u>(927,295)</u>	<u>1,142,346</u>	<u>927,295</u>		
Increase (Decrease) in Net Assets	<u>\$ 13,704,887</u>	<u>\$ 22,732,901</u>	<u>\$ 3,285,474</u>	<u>\$ (13,932,562)</u>	<u>\$ 16,990,361</u>	<u>\$ 8,800,339</u>
Net Assets - Beginning, as Previously Reported	\$ 45,637,148	\$ 22,904,247	\$ 111,444,613	\$ 125,377,175	\$ 157,081,761	\$ 148,281,422
Prior Period Adjustments	<u>23,979,008</u>		<u>16,525,452</u>		<u>40,504,460</u>	
Net Assets - Beginning, as Restated	<u>\$ 69,616,156</u>	<u>\$ 22,904,247</u>	<u>\$ 127,970,065</u>	<u>\$ 125,377,175</u>	<u>\$ 197,586,221</u>	<u>\$ 148,281,422</u>
Net Assets - Ending	<u>\$ 83,321,043</u>	<u>\$ 45,637,148</u>	<u>\$ 131,255,539</u>	<u>\$ 111,444,613</u>	<u>\$ 214,576,582</u>	<u>\$ 157,081,761</u>

The City's total revenues amounted to \$126,903,580 for the year ended June 30, 2007. This is an increase of \$1,347,561, or 1.1%. There were increases in all categories of revenues except for charges for services and capital grants and contributions. The largest increase was in operating grants and contributions. This revenue category increased by \$2,394,987. This increase was primarily due to a \$2,243,000 State grant received for beach renourishment. Business license taxes were the next largest increase totaling \$2,025,021, or 11.5%. This increase can be attributed to increased fees collected in the construction, insurance and business services SIC code groups.

The total cost of all programs and services was \$109,913,219 (increasing by \$13,579,212, or 14.1%). The largest increase was experienced in the culture and recreation category in the amount of \$5,603,507, or 40.1%. The largest contributing factor to this increase was expenditures related to the federal beach renourishment project. Transportation was the next largest increase totaling \$2,161,206, or 49.8%. The largest contributing factor to this increase was increased depreciation as a result of the retroactive infrastructure reporting during the year required by GASB 34. Interest and fiscal charges was the third largest increase totaling \$1,778,741, or 30.9%. The largest contributing factor to this increase was increased interest expenditures as a result of the issuance of new general obligation and tax increment revenue bonds.

Governmental Activities

The City's net assets from governmental activities increased \$37,683,895. 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 \$(29,804,581) at June 30, 2006 to \$(20,442,305) 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 3.5% (\$3,167,431), while total expenses increased 18.2% (\$11,980,394).

The cost of all governmental activities this year was \$77,969,249. However, as shown in the statement of activities beginning on page 14, the amount that our taxpayers ultimately financed for these activities was only \$49,267,966 because some of the cost was paid by those who directly benefited from the programs \$15,540,554 or by other governments and organizations that subsidized certain programs with grants and contributions \$13,160,729. Overall, the City's governmental program revenues were \$28,701,283. 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 \$64,115,199.

Business-Type Activities

The City's net assets from business-type activities increased \$19,810,926, or 17.8%.

The City's programs for business-type activities include water and sewer, baseball stadium, municipal golf course and solid waste management activities. Revenues of the City's business-type activities decreased by 5.1% (\$1,819,870) and expenses increased by 5.3% (\$1,598,818).

The cost of all business-type activities this year was \$31,943,970. As shown in the statement of activities that starts on page 14, the amounts paid by users of the activities were \$27,582,007 and grants and contributions totaled \$5,274,881. Investment earnings were \$1,230,210 and transfers totaled \$1,142,346.

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 \$55,794,851, an increase of \$17,707,251 in comparison with the prior year. Of this amount, \$20,567,671, or 36.9%, 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 \$11,412,355, while total fund balance amounted to \$11,893,214. 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 22.8% of total expenditures, while total fund balance represents 23.8% of that same amount. The General Fund's total fund balance increased by \$2,627,952 during the current fiscal year. This increase resulted from increased collections in business license taxes (\$1,656,372 increase from fiscal year 2006) and property taxes (\$1,197,368 more than fiscal year 2006). 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 increased by \$1,288,777 to \$44,841 at year-end. The major portion of this increase was due to transfers in from other funds.

Fund balance of the Hospitality Fee Fund increased by \$365,796 to \$1,108,637 at June 30, 2007. Of this total, \$1,825 is reserved for hospitality fee revenue bonds and \$1,106,812 as been designated by City Council for capital replacement.

The Air Base Tax Increment Revenue Fund was established during the year and has a fund balance of \$20,138,113 at June 30, 2007. Of this total, \$20,196,256 is reserved for tax increment revenue bonds.

The Capital Improvements Fund has total fund balance of \$12,000,745, a decrease of \$8,325,509 from the prior year. Of this total, \$3,440,263 is reserved for tourism related expenditures, \$3,698,347 is reserved for projects and \$410,350 for other restricted purposes. City Council has designated \$954,800 of unrestricted fund balance for disaster recovery. The majority of the decrease in fund balance is due to a decrease in one time intergovernmental revenues received in the previous year and an increase in a transfer out to another fund.

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 \$22,538,791. Total net assets increased \$1,194,346 from the prior year.

Unrestricted net assets of the Baseball Stadium Fund, Municipal Golf Course Fund and Solid Waste Management Fund at the end of the year amounted to \$(1,296,628), \$99,321 and \$(992,407), respectively. The increase (decrease) in net assets in the Baseball Stadium Fund, Municipal Golf Course Fund and Solid Waste Management Fund was \$(87,562), \$18,175,862 and \$530,596, respectively.

General Fund Budgetary Highlights

The original budget was amended during the year. The resources available for appropriation were \$2,822,214 above the final budgeted amounts. This amount was primarily the result of collections in business license taxes exceeding budget by \$1,085,829, property taxes exceeding budget by \$767,992 and franchise taxes exceeding budget by \$590,467. The actual charges to appropriations (expenditures) were \$816,592 less than the final budgeted amounts.

Budget to actual comparisons for the General Fund can be found on page 66.

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, 2007 amounted to \$293,900,817 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 \$47,145,022, or 36.1%, for governmental activities and an increase of \$18,102,631, or 18.5%, for business-type activities. The increase for governmental activities was primarily due to the retroactive reporting of infrastructure required by GASB 34 (see Note 20) and a construction project on the former air base. The increase for business-type activities was primarily due to a prior period adjustment for the contribution of a golf course (see Note 20).

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>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 27,576,675	\$ 22,152,102	\$ 16,350,379	\$ 5,964,899	\$ 43,927,054	\$ 28,117,001
Land Improvements	3,248,741	2,151,642	6,598,618	747,112	9,847,359	2,898,754
Buildings and Improvements	38,875,241	40,722,986	6,549,964	6,924,428	45,425,205	47,647,414
Distribution Systems			83,442,303	82,038,541	83,442,303	82,038,541
Furniture, Vehicles and Equipment	10,396,396	8,733,126	690,794	837,006	11,087,190	9,570,132
Infrastructure	80,796,611	45,081,108			80,796,611	45,081,108
Construction-in-Progress	<u>16,976,429</u>	<u>11,884,107</u>	<u>2,398,666</u>	<u>1,416,107</u>	<u>19,375,095</u>	<u>13,300,214</u>
	<u>\$ 177,870,093</u>	<u>\$ 130,725,071</u>	<u>\$ 116,030,724</u>	<u>\$ 97,928,093</u>	<u>\$ 293,900,817</u>	<u>\$ 228,653,164</u>

Debt

At year-end, the City had \$166,861,500 in outstanding bonds payable, note payable and capital lease obligations compared to \$136,368,903 last year, an increase of 22.4%. The increase was primarily due to the issuance of tax increment revenue bonds for the air base redevelopment project.

**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>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General Obligation Bonds	\$ 40,795,000	\$ 42,365,000	\$	\$	\$ 40,795,000	\$ 42,365,000
Certificates of Participation	17,600,000	18,715,000	7,205,000	7,650,000	24,805,000	26,365,000
Tax Increment Revenue Bonds	34,870,345	3,345,000			34,870,345	3,345,000
Storm Water Revenue Bonds	10,499,052	7,788,768			10,499,052	7,788,768
Hospitality Fee Revenue Bonds	49,660,000	49,660,000			49,660,000	49,660,000
Note Payable	2,897,500	2,897,500			2,897,500	2,897,500
Capital Lease Obligations	<u>3,334,603</u>	<u>3,947,635</u>	<u></u>	<u></u>	<u>3,334,603</u>	<u>3,947,635</u>
	<u>\$ 159,656,500</u>	<u>\$ 128,718,903</u>	<u>\$ 7,205,000</u>	<u>\$ 7,650,000</u>	<u>\$ 166,861,500</u>	<u>\$ 136,368,903</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 8.0% of total assessed value. General obligation debt issued pursuant to referendum is not subject to the limitation. As of June 30, 2007, the amount of new debt, which could be issued without referendum, was \$14,010,083.

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 13 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 2008 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 2008. Amounts available for appropriation in the General Fund budget are \$46,835,625, an increase of 5.7% over the final fiscal year 2007 budget of \$44,317,210. 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 5.8%, to \$53,620,731 from \$50,692,912 in fiscal year 2007. The City has added three new municipal court and three new public works administration personnel. If these estimates are realized, the City's budgetary General Fund balance is expected to remain in tact by the close of 2008.

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 2008.

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, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Temporary Investments	\$ 26,597,804	\$ 20,610,908	\$ 47,208,712
Receivables (Net)	10,384,434	3,968,242	14,352,676
Due From Component Unit	9,831,295		9,831,295
Internal Balances	1,238,957	(1,238,957)	
Inventories	267,102	714,908	982,010
Prepaid Assets	13,290	5,378	18,668
Restricted Cash and Temporary Investments	34,388,948	2,353,408	36,742,356
Land and Construction in Progress	44,553,104	18,749,045	63,302,149
Other Capital Assets (Net)	133,316,989	97,281,679	230,598,668
Deferred Bond Issuance Costs (Net)	4,028,178	201,308	4,229,486
Total Assets	<u>\$ 264,620,101</u>	<u>\$ 142,645,919</u>	<u>\$ 407,266,020</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 9,040,625	\$ 2,310,422	\$ 11,351,047
Due to Primary Government			
Unearned Revenue	258,113	172,045	430,158
Liabilities Payable From Restricted Assets	2,157,283	2,122,595	4,279,878
Bond Anticipation Notes	4,850,000		4,850,000
Noncurrent Liabilities:			
Due Within One Year	7,712,435		7,712,435
Due in More Than One Year	157,280,602	6,785,318	164,065,920
Total Liabilities	<u>\$ 181,299,058</u>	<u>\$ 11,390,380</u>	<u>\$ 192,689,438</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 82,814,567	\$ 111,244,256	\$ 194,058,823
Restricted for:			
Tourism Promotion and Support	5,956,420		5,956,420
Community Development	3,612,192		3,612,192
Capital Projects	1,210,692		1,210,692
Debt Service	9,800,527	480,813	10,281,340
Other	368,950	210,000	578,950
Unrestricted	(20,442,305)	19,320,470	(1,121,835)
Total Net Assets	<u>\$ 83,321,043</u>	<u>\$ 131,255,539</u>	<u>\$ 214,576,582</u>

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

Component Units

MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ 876,831	\$ 2,081,140
6,626	1,079,732
	77,834
	436,255
	3,826,945
292,564	40,159,483
1,176,021	1,105,923
\$ 1,176,021	\$ 48,767,312
\$ 19,693	\$ 1,343,725
38,894	9,831,295
	259,848
	648,743
159,055	50,000
154,460	24,177,004
\$ 372,102	\$ 36,310,615
\$ (7,436)	\$ 18,623,402
	2,286,117
	1,257,085
811,355	(9,709,907)
\$ 803,919	\$ 12,456,697

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

<u>Functions / Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 9,537,675	\$ 2,670,293	\$	\$
Public Safety	27,214,495	2,525,607	195,923	129,130
Transportation	6,499,966	1,244,736	86,005	7,449,998
Community and Economic Development	6,363,577	2,832,062	243,492	2,367,176
Culture and Recreation	19,588,846	6,267,856	2,672,567	16,438
Public Works	1,229,671			
Interest and Fiscal Charges	7,535,019			
Total Governmental Activities	<u>\$ 77,969,249</u>	<u>\$ 15,540,554</u>	<u>\$ 3,197,987</u>	<u>\$ 9,962,742</u>
Business-Type Activities:				
Water	\$ 12,961,816	\$ 13,234,314	\$	\$ 2,158,556
Sewer	12,761,392	9,664,631		3,116,325
Baseball Stadium	922,727	23,351		
Municipal Golf Course	1,713,721	1,514,858		
Solid Waste Management	3,584,314	3,144,853		
Total Business Type Activities	<u>\$ 31,943,970</u>	<u>\$ 27,582,007</u>	<u>\$</u>	<u>\$ 5,274,881</u>
Total Primary Government	<u>\$ 109,913,219</u>	<u>\$ 43,122,561</u>	<u>\$ 3,197,987</u>	<u>\$ 15,237,623</u>
Component Units:				
MB Downtown Redevelopment Corporation	\$ 731,676	\$ 974,570	\$	\$
MB Convention Center Hotel Corporation	20,251,395	16,508,975		
Total Component Units	<u>\$ 20,983,071</u>	<u>\$ 17,483,545</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

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning, as Previously Reported

Prior Period Adjustments

Net Assets - Beginning, as Restated

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
\$ (6,867,382)		\$ (6,867,382)		
(24,363,835)		(24,363,835)		
2,280,773		2,280,773		
(920,847)		(920,847)		
(10,631,985)		(10,631,985)		
(1,229,671)		(1,229,671)		
(7,535,019)		(7,535,019)		
<u>\$ (49,267,966)</u>		<u>\$ (49,267,966)</u>		
	\$ 2,431,054	\$ 2,431,054		
	19,564	19,564		
	(899,376)	(899,376)		
	(198,863)	(198,863)		
	(439,461)	(439,461)		
	<u>\$ 912,918</u>	<u>\$ 912,918</u>		
<u>\$ (49,267,966)</u>	<u>\$ 912,918</u>	<u>\$ (48,355,048)</u>		
			\$ 242,894	\$ (3,742,420)
			<u>\$ 242,894</u>	<u>\$ (3,742,420)</u>
\$ 20,734,404		\$ 20,734,404	\$	
1,850,781		1,850,781		
19,610,478		19,610,478		
3,224,468		3,224,468		
8,341,066		8,341,066		
8,072,328		8,072,328		
2,281,674	1,230,210	3,511,884	35,858	236,009
(1,142,346)	1,142,346			
<u>\$ 62,972,853</u>	<u>\$ 2,372,556</u>	<u>\$ 65,345,409</u>	<u>\$ 35,858</u>	<u>\$ 236,009</u>
<u>\$ 13,704,887</u>	<u>\$ 3,285,474</u>	<u>\$ 16,990,361</u>	<u>\$ 278,752</u>	<u>\$ (3,506,411)</u>
\$ 45,637,148	\$ 111,444,613	\$ 157,081,761	\$ 525,167	\$ 15,963,108
23,979,008	16,525,452	40,504,460		
<u>\$ 69,616,156</u>	<u>\$ 127,970,065</u>	<u>\$ 197,586,221</u>	<u>\$ 525,167</u>	<u>\$ 15,963,108</u>
<u>\$ 83,321,043</u>	<u>\$ 131,255,539</u>	<u>\$ 214,576,582</u>	<u>\$ 803,919</u>	<u>\$ 12,456,697</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Hospitality Fee Fund</u>	<u>Air Base Tax Increment Revenue Fund</u>
ASSETS				
Cash and Temporary Investments	\$ 7,779,111	\$ 217,518	\$	\$
Receivables (Net):				
Property Taxes	694,241			
Local Accommodations Taxes				
Hospitality Fees			1,215,862	
Storm Water Fees				
Accounts	1,940,417	164,172		
Intergovernmental	613,599	60,195		
Loans				
Due From Other Funds	3,895,127			
Due From Component Unit	102,692	9,523,527	205,076	
Inventories	103,064			
Prepaid Assets	8,845	4,445		
Advance to Other Fund				
Restricted Cash and Temporary Investments	<u>1,228,277</u>	<u> </u>	<u>1,825</u>	<u>21,500,303</u>
Total Assets	<u>\$ 16,365,373</u>	<u>\$ 9,969,857</u>	<u>\$ 1,422,763</u>	<u>\$ 21,500,303</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 2,404,072	\$ 164,806	\$	\$
Due to Other Fund			309,716	58,143
Payable From Restricted Assets:				
Accounts Payable				1,304,047
Court Bonds	547,427			
Refundable Deposits	154,319			
Other	151,490			
Bond Anticipation Notes				
Deferred Revenue	<u>1,214,851</u>	<u>9,760,210</u>	<u>4,410</u>	
Total Liabilities	<u>\$ 4,472,159</u>	<u>\$ 9,925,016</u>	<u>\$ 314,126</u>	<u>\$ 1,362,190</u>

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

<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 10,741,815	\$ 5,876,974	\$ 24,615,418
	3,539	697,780
	304,211	304,211
		1,215,862
	44,650	44,650
1,047,809		3,152,398
875,370	2,476,256	4,025,420
200,000	722,066	922,066
		3,895,127
		9,831,295
		103,064
		13,290
210,350		210,350
<u>7,138,610</u>	<u>4,519,933</u>	<u>34,388,948</u>
<u>\$ 20,213,954</u>	<u>\$ 13,947,629</u>	<u>\$ 83,419,879</u>

\$ 3,163,209	\$ 912,884	\$ 6,644,971
	2,421,144	2,789,003
		1,304,047
		547,427
		154,319
		151,490
4,850,000		4,850,000
200,000	4,300	11,183,771
<u>8,213,209</u>	<u>3,338,328</u>	<u>27,625,028</u>

A-3 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007**

	General Fund	Convention Center Fund	Hospitality Fee Fund	Air Base Tax Increment Revenue Fund
LIABILITIES AND FUND BALANCES (continued)				
Fund Balances (Deficit):				
Reserved for:				
Long-Term Receivable	\$	\$	\$	\$
Inventories	103,064			
Prepaid Assets	8,845	4,445		
Advance to Other Fund				
Narcotics Law Enforcement	269,829			
Library	99,121			
PUD Improvements				
Tourism				
Bond Projects				
Certificates of Participation				
Tax Increment Revenue Bonds				20,196,256
Hospitality Fee Revenue Bonds			1,825	
Storm Water Revenue Bonds				
Debt Service				
Unreserved, Reported in:				
General Fund:				
Designated for Ocean Front Improvements	387,112			
Undesignated	11,025,243			
Special Revenue Funds:				
Designated for Capital Replacement			1,106,812	
Undesignated		40,396		(58,143)
Capital Projects Fund:				
Designated for Disaster Recovery				
Undesignated				
Total Fund Balances	\$ 11,893,214	\$ 44,841	\$ 1,108,637	\$ 20,138,113
Total Liabilities and Fund Balances	\$ 16,365,373	\$ 9,969,857	\$ 1,422,763	\$ 21,500,303

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

<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 200,000	\$ 722,066	\$ 922,066
		103,064
		13,290
210,350		210,350
		269,829
		99,121
728,060		728,060
3,440,263		3,440,263
2,970,287		2,970,287
	1,351,919	1,351,919
	2,255,607	22,451,863
		1,825
	912,407	912,407
	1,752,836	1,752,836
		387,112
		11,025,243
		1,106,812
	3,614,466	3,596,719
954,800		954,800
3,496,985		3,496,985
<u>\$ 12,000,745</u>	<u>\$ 10,609,301</u>	<u>\$ 55,794,851</u>
<u>\$ 20,213,954</u>	<u>\$ 13,947,629</u>	<u>\$ 83,419,879</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total Fund Balances - Total Governmental Funds	\$ 55,794,851
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.	171,619,482
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	10,925,658
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.	1,653,595
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(156,672,543)</u>
Net Assets of Governmental Activities	<u>\$ 83,321,043</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, 2007

	General Fund	Convention Center Fund	Hospitality Fee Fund	Air Base Tax Increment Revenue Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Property Taxes	\$ 15,234,992	\$ 989,272	\$	\$
Local Accommodations Taxes				
Hospitality Fees			8,348,376	
Storm Water Fees				
Licenses and Permits	23,264,562	968,649		
Fines and Forfeitures	1,514,516			
Intergovernmental	2,258,424	60,195		
Charges for Services	2,113,053	1,920,708		
Miscellaneous	2,834,103	128	20,504	746,105
Total Revenues	<u>\$ 47,219,650</u>	<u>\$ 3,938,952</u>	<u>\$ 8,368,880</u>	<u>\$ 746,105</u>
EXPENDITURES				
Current:				
General Government	\$ 7,856,820	\$ 329,962	\$	\$
Public Safety	26,431,765			
Transportation	2,372,253			
Community and Economic Development	2,457,281			
Culture and Recreation	9,343,858	3,519,568		
Public Works	1,215,074			
Capital Outlay	358,068			10,925,237
Debt Service:				
Principal				
Interest and Fiscal Charges			2,545,325	731,012
Bond Issuance Costs				1,450,769
Total Expenditures	<u>\$ 50,035,119</u>	<u>\$ 3,849,530</u>	<u>\$ 2,545,325</u>	<u>\$ 13,107,018</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (2,815,469)</u>	<u>\$ 89,422</u>	<u>\$ 5,823,555</u>	<u>\$ (12,360,913)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 6,933,428	\$ 3,086,065	\$ 1,951,000	\$
Transfers Out	(1,490,007)	(1,886,710)	(7,408,759)	
Storm Water Revenue Bonds Issued				32,595,345
Tax Increment Revenue Bonds Issued				(96,319)
Discount on Tax Increment Revenue Bonds				(96,319)
Total Other Financing Sources (Uses)	<u>\$ 5,443,421</u>	<u>\$ 1,199,355</u>	<u>\$ (5,457,759)</u>	<u>\$ 32,499,026</u>

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

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ 245,923	\$ 4,276,513	\$ 20,746,700
	1,850,628	1,850,628
		8,348,376
	1,250,928	1,250,928
1,285,235		25,518,446
	247,842	1,762,358
6,034,300	6,747,937	15,100,856
		4,033,761
<u>2,852,033</u>	<u>417,202</u>	<u>6,870,075</u>
\$ <u>10,417,491</u>	\$ <u>14,791,050</u>	\$ <u>85,482,128</u>
\$ 745,756	\$ 763,933	\$ 9,696,471
		26,431,765
163,082	1,232,719	3,768,054
126,334	3,216,867	5,800,482
4,853,893		17,717,319
		1,215,074
13,545,652	420,649	25,249,606
	3,909,406	3,909,406
	3,318,177	6,594,514
8,381		1,459,150
\$ <u>19,443,098</u>	\$ <u>12,861,751</u>	\$ <u>101,841,841</u>
\$ <u>(9,025,607)</u>	\$ <u>1,929,299</u>	\$ <u>(16,359,713)</u>
\$ 4,087,284	\$ 8,939,498	\$ 24,997,275
(3,387,186)	(11,966,959)	(26,139,621)
	2,710,284	2,710,284
		32,595,345
		(96,319)
\$ <u>700,098</u>	\$ <u>(317,177)</u>	\$ <u>34,066,964</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, 2007**

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Hospitality Fee Fund</u>	<u>Air Base Tax Increment Revenue Fund</u>
Net Change in Fund Balances	\$ 2,627,952	\$ 1,288,777	\$ 365,796	\$ 20,138,113
Fund Balances - Beginning	<u>9,265,262</u>	<u>(1,243,936)</u>	<u>742,841</u>	<u> </u>
Fund Balances - Ending	<u>\$ 11,893,214</u>	<u>\$ 44,841</u>	<u>\$ 1,108,637</u>	<u>\$ 20,138,113</u>

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

<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ (8,325,509)	\$ 1,612,122	\$ 17,707,251
<u>20,326,254</u>	<u>8,997,179</u>	<u>38,087,600</u>
<u>\$ 12,000,745</u>	<u>\$ 10,609,301</u>	<u>\$ 55,794,851</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, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ 17,707,251
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 (\$25,249,606) exceeded depreciation (\$6,141,198) in the current period.	19,108,408
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	7,277,369
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.	(29,840,754)
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.	(176,303)
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>(371,084)</u>
Change in Net Assets of Governmental Activities	<u>\$ 13,704,887</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, 2007

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
ASSETS			
Current Assets:			
Cash and Temporary Investments	\$ 20,285,687	\$ 17,383	\$ 307,803
Receivables (Net):			
Accounts	1,696,543	3,200	26,042
Intergovernmental	6,063	195,582	
Due From Other Funds	2,183,007		
Inventories	556,982		119,815
Prepaid Assets			5,378
Total Current Assets	<u>\$ 24,728,282</u>	<u>\$ 216,165</u>	<u>\$ 459,038</u>
Noncurrent Assets:			
Intergovernmental Receivable	\$	\$ 1,879,500	\$
Restricted Cash and Temporary Investments	1,399,451	953,957	
Land and Construction in Progress	2,763,565	5,600,000	10,385,480
Other Capital Assets (Net)	84,264,610	5,725,108	6,299,554
Deferred Bond Issuance Costs (Net)		201,308	
Total Noncurrent Assets	<u>\$ 88,427,626</u>	<u>\$ 14,359,873</u>	<u>\$ 16,685,034</u>
Total Assets	<u>\$ 113,155,908</u>	<u>\$ 14,576,038</u>	<u>\$ 17,144,072</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,965,131	\$ 6,480	\$ 130,643
Due to Other Fund		1,223,921	
Advance From Other Fund			48,804
Unreported Insurance Claims			
Capital Lease Obligations			
Payable From Restricted Assets:			
Customer Deposits	1,399,451		
Interest Payable		173,144	
County Renewal and Replacement Fund		90,000	
Certificates of Participation		460,000	
Total Current Liabilities	<u>\$ 3,364,582</u>	<u>\$ 1,953,545</u>	<u>\$ 179,447</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	\$ 20,610,908	\$ 1,982,386
138,687	1,864,472	22,047
22,625	224,270	
	2,183,007	
38,111	714,908	164,038
	5,378	
<u>\$ 199,458</u>	<u>\$ 25,602,943</u>	<u>\$ 2,168,471</u>
\$	\$ 1,879,500	\$
	2,353,408	
	18,749,045	
992,407	97,281,679	6,250,611
	201,308	
<u>\$ 992,407</u>	<u>\$ 120,464,940</u>	<u>\$ 6,250,611</u>
<u>\$ 1,191,865</u>	<u>\$ 146,067,883</u>	<u>\$ 8,419,082</u>
\$ 208,168	\$ 2,310,422	\$ 531,101
959,086	2,183,007	1,106,124
	48,804	
		701,840
		393,294
	1,399,451	
	173,144	
	90,000	
	460,000	
<u>\$ 1,167,254</u>	<u>\$ 6,664,828</u>	<u>\$ 2,732,359</u>

A-7 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
LIABILITIES (continued)			
Noncurrent Liabilities:			
Compensated Absences	\$ 52,315	\$ 393	\$ 18,724
Unreported Insurance Claims			
Advance From Other Fund			161,546
Capital Lease Obligations			
Certificates of Participation (Net)		6,689,275	
Unearned Revenue	172,045		
Total Noncurrent Liabilities	\$ 224,360	\$ 6,689,668	\$ 180,270
Total Liabilities	\$ 3,588,942	\$ 8,643,213	\$ 359,717
 NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 87,028,175	\$ 6,538,640	\$ 16,685,034
Restricted for:			
Renewal and Replacement		210,000	
Debt Service		480,813	
Unrestricted	22,538,791	(1,296,628)	99,321
Total Net Assets	\$ 109,566,966	\$ 5,932,825	\$ 16,784,355

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>
\$ 24,611	\$ 96,043	\$ 7,510
		2,578,556
	161,546	
		2,475,669
	6,689,275	
	172,045	
<u>\$ 24,611</u>	<u>\$ 7,118,909</u>	<u>\$ 5,061,735</u>
<u>\$ 1,191,865</u>	<u>\$ 13,783,737</u>	<u>\$ 7,794,094</u>
\$ 992,407	\$ 111,244,256	\$ 3,381,648
	210,000	
	480,813	
<u>(992,407)</u>	<u>20,349,077</u>	<u>(2,756,660)</u>
<u>\$</u>	<u>\$ 132,284,146</u>	<u>\$ 624,988</u>
	<u>(1,028,607)</u>	
	<u>\$ 131,255,539</u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
OPERATING REVENUES			
Charges for Services	\$ 22,618,640	\$ 23,351	\$ 1,512,931
OPERATING EXPENSES			
Administration	\$ 5,326,047		\$ 657,327
Operations	17,122,381	156,360	754,200
Depreciation	3,242,894	390,847	280,760
Total Operating Expenses	\$ 25,691,322	\$ 547,207	\$ 1,692,287
Operating Loss	\$ (3,072,682)	\$ (523,856)	\$ (179,356)
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 1,122,687	\$ 84,181	\$ 23,342
Miscellaneous Revenue	280,305		1,927
Interest and Fiscal Charges		(354,586)	(12,841)
Amortization of Bond Issuance Costs		(18,301)	
Total Nonoperating Revenues (Expenses)	\$ 1,402,992	\$ (288,706)	\$ 12,428
Loss Before Contributions and Transfers	\$ (1,669,690)	\$ (812,562)	\$ (166,928)
Capital Contributions	5,274,881		
Transfers In		725,000	1,817,338
Transfers Out	(2,410,845)		
Change in Net Assets	\$ 1,194,346	\$ (87,562)	\$ 1,650,410
Total Net Assets - Beginning, as Previously Reported	\$ 108,372,620	\$ 6,020,387	\$ (1,391,507)
Prior Period Adjustment			16,525,452
Total Net Assets - Beginning, as Restated	\$ 108,372,620	\$ 6,020,387	\$ 15,133,945
Total Net Assets - Ending	\$ 109,566,966	\$ 5,932,825	\$ 16,784,355

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

Change in Net Assets of Business-Type Activities

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 3,144,853	\$ 27,299,775	\$ 14,152,554
\$ 653,881	\$ 6,637,255	\$ 463,794
2,831,827	20,864,768	12,071,322
82,992	3,997,493	1,863,251
<u>\$ 3,568,700</u>	<u>\$ 31,499,516</u>	<u>\$ 14,398,367</u>
\$ (423,847)	\$ (4,199,741)	\$ (245,813)
\$	\$ 1,230,210	\$ 56,985
	282,232	517
(56,410)	(423,837)	(185,089)
	(18,301)	
<u>\$ (56,410)</u>	<u>\$ 1,070,304</u>	<u>\$ (127,587)</u>
\$ (480,257)	\$ (3,129,437)	\$ (373,400)
	5,274,881	
1,010,853	3,553,191	
	(2,410,845)	
<u>\$ 530,596</u>	\$ 3,287,790	<u>\$ (373,400)</u>
\$ (530,596)		\$ 998,388
<u>\$ (530,596)</u>		<u>\$ 998,388</u>
<u><u>\$</u></u>		<u><u>\$ 624,988</u></u>
	<u>(2,316)</u>	
	<u><u>\$ 3,285,474</u></u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers	\$ 23,257,914	\$ 20,151	\$ 1,519,293
Receipts From Interfund Services Provided			
Payments to Suppliers	(16,836,247)	(26,295)	(697,399)
Payments to Employees	(2,071,290)	(29,531)	(605,330)
Payments for Interfund Services Used	(2,604,841)	(99,409)	(111,258)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 1,745,536</u>	<u>\$ (135,084)</u>	<u>\$ 105,306</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In (Out)	\$ (2,410,845)	\$ 725,000	\$ 1,817,338
Proceeds From Interfund Loan			
Payments on Interfund Loans	2,204,350	(71,678)	(1,575,229)
Principal Payments on Interfund Advance			(46,479)
Interest Payments on Interfund Loans			(12,841)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$ (206,495)</u>	<u>\$ 653,322</u>	<u>\$ 182,789</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	\$ 1,705,757	\$	\$
Principal Payments on Long-Term Debt		(445,000)	
Interest Payments on Long-Term Debt		(355,855)	
Payment of Bond Administration Fees		(3,232)	
Purchases of Capital Assets	(1,974,180)		(14,511)
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (268,423)</u>	<u>\$ (804,087)</u>	<u>\$ (14,511)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Collections on Intergovernmental Receivable	\$	\$ 208,947	\$
Interest Received	1,122,687	84,181	23,342
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 1,122,687</u>	<u>\$ 293,128</u>	<u>\$ 23,342</u>
Net Increase in Cash and Cash Equivalents	<u>\$ 2,393,305</u>	<u>\$ 7,279</u>	<u>\$ 296,926</u>
Cash and Cash Equivalents - Beginning	<u>19,291,833</u>	<u>964,061</u>	<u>10,877</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 21,685,138</u></u>	<u><u>\$ 971,340</u></u>	<u><u>\$ 307,803</u></u>

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 3,121,861	\$ 27,919,219	\$
(1,549,245)	(19,109,186)	14,152,554
(1,016,126)	(3,722,277)	(5,904,224)
(936,632)	(3,752,140)	(370,123)
		(5,402,488)
<u>\$ (380,142)</u>	<u>\$ 1,335,616</u>	<u>\$ 2,475,719</u>
\$ 1,010,853	\$ 1,142,346	\$
(557,443)		348,046
	(46,479)	
<u>(56,410)</u>	<u>(69,251)</u>	<u>(24,080)</u>
<u>\$ 397,000</u>	<u>\$ 1,026,616</u>	<u>\$ 323,966</u>
\$	\$ 1,705,757	\$
	(445,000)	(458,626)
	(355,855)	(175,916)
	(3,232)	
<u>(16,858)</u>	<u>(2,005,549)</u>	<u>(1,741,940)</u>
<u>\$ (16,858)</u>	<u>\$ (1,103,879)</u>	<u>\$ (2,376,482)</u>
\$	\$ 208,947	\$
	1,230,210	56,985
<u>\$</u>	<u>\$ 1,439,157</u>	<u>\$ 56,985</u>
\$	\$ 2,697,510	\$ 480,188
<u>35</u>	<u>20,266,806</u>	<u>1,502,198</u>
<u>\$ 35</u>	<u>\$ 22,964,316</u>	<u>\$ 1,982,386</u>

A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<u>Reconciliation of Operating Loss to Net Cash and Cash Equivalents Provided (Used) by Operating Activities</u>			
Operating Loss	\$ (3,072,682)	\$ (523,856)	\$ (179,356)
Adjustments to Reconcile Operating Loss to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	3,242,894	390,847	280,760
(Increase) Decrease in Accounts Receivable (Net)	282,046	(3,200)	4,435
(Increase) in Inventories	(4,750)		(16,251)
Increase (Decrease) in Accounts Payable and Accrued Expenses	940,800	1,125	13,791
Increase in Customer Deposits Payable	77,208		
Increase in Unreported Insurance Claims			
(Decrease) in Unearned Revenue	(285)		
Miscellaneous Receipts	280,305		1,927
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	\$ 1,745,536	\$ (135,084)	\$ 105,306

Noncash Capital and Related Financing Activities

Fair Value of Capital Asset Contributions	\$ 3,569,124	\$	\$
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Reconciliation of Cash and Cash Equivalents

Unrestricted Cash and Temporary Investments	\$ 20,285,687	\$ 17,383	\$ 307,803
Restricted Cash and Temporary Investments	1,399,451	953,957	
	\$ 21,685,138	\$ 971,340	\$ 307,803

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>	
\$ (423,847)	\$ (4,199,741)	\$ (245,813)	
82,992	3,997,493	1,863,251	
(22,992)	260,289	28,794	
(25,567)	(46,568)	(14,658)	
9,272	964,988	(159,382)	
	77,208		
		1,003,010	
	(285)		
	<u>282,232</u>	<u>517</u>	
<u>\$ (380,142)</u>	<u>\$ 1,335,616</u>	<u>\$ 2,475,719</u>	

\$ \$ 3,569,124 \$

\$ 35	\$ 20,610,908	\$ 1,982,386
	2,353,408	
<u>\$ 35</u>	<u>\$ 22,964,316</u>	<u>\$ 1,982,386</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2007

ASSETS

Cash and Temporary Investments \$ 7,259

LIABILITIES

Due to Firemen's Association \$ 7,259

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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, 2007

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, 2007

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 1.0% fee imposed on accommodations, paid places of amusement and food and beverages served by a food facility for the purpose of tourism related expenditures.

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

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

The City's major proprietary funds were as follows:

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

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

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

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

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

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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

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

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

D. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences 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.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

G. Interfund Activity

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

H. Inventories

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

I. Prepaid Assets

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

J. Restricted Assets

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

K. Capital Assets

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

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

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

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

L. Compensated Absences

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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 \$21,639,594 of total restricted net assets, of which \$8,338,761 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 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.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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, \$156,672,543, follows:

Bonds Payable (Net)	\$ 152,433,029
Note Payable	2,897,500
Capital Lease Obligation	465,640
Compensated Absences	2,626,852
Judgment	413,147
Accrued Interest Payable	1,864,553
Deferred Bond Issuance Costs (Net)	<u>(4,028,178)</u>
	<u>\$ 156,672,543</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, \$29,840,754, is comprised of the following:

Storm Water Revenue Bonds Issued	\$ 2,710,284
Tax Increment Revenue Bonds Issued	32,595,345
Discount on Tax Increment Revenue Bonds	(96,319)
Principal Repayments	(3,909,406)
Bond Issuance Costs	<u>(1,459,150)</u>
	<u>\$ 29,840,754</u>

The details of another element in the reconciliation that relates to expenses, \$176,303, follows:

Compensated Absences	\$ (61,723)
Judgment	(517,390)
Accrued Interest	507,175
Amortization of Bond Issuance Costs	201,183
Amortization of Bond Discounts and Premiums	(43,019)
Amortization of Loss on Advance Refunding	<u>90,077</u>
	<u>\$ 176,303</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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, 2007, 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, 2007 were as follows:

Internal Service Funds:	
Self Insurance Fund	\$ 2,719,077
Health Insurance Fund	464,530

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 \$35,185,316 and the financial institutions' balances totaled \$34,284,402, including certificates of deposit. Of that balance, \$721,380 was covered by federal depository insurance and \$33,563,022 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$10,202 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 \$872,161 and the financial institutions' balances totaled \$873,315. Of that balance, \$100,000 was covered by federal depository insurance and \$773,315 was collateralized with securities held by the pledging financial institutions' trust department in the MBDRC's name. At year-end, cash on hand totaled \$4,670.

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 \$496,017 and the financial institutions' balances totaled \$518,417. Of that balance, \$168,281 was covered by federal depository insurance and \$350,136 was uninsured and uncollateralized. At year-end, cash on hand totaled \$40,000.

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

B. Investments

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

	<u>Maturities</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreement	07/02/07	Not Rated	\$ 4,405,000	9.03%
U.S. Treasury Bill	12/27/07	N/A	715,811	1.47
Guaranteed Investment Contract	07/01/08	Not Rated	15,627,184	32.05
Guaranteed Investment Contract	09/25/09	Not Rated	3,617,712	7.42
Money Market Mutual Funds	N/A	AAA	6,944,268	14.24
State Treasurer's Investment Pool	N/A	Not Rated	<u>17,452,834</u>	<u>35.79</u>
			<u>\$ 48,762,809</u>	<u>100.00%</u>

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

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

	<u>Maturities</u>	<u>S&P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Commercial Paper	07/02/07	Not Rated	\$ 1,521,000	28.31%
Money Market Mutual Funds	N/A	AAA	<u>3,851,068</u>	<u>71.69</u>
			<u>\$ 5,372,068</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, 2007, 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	\$ 2,233,814				
Local Accommodations Taxes					
Hospitality Fees			1,251,303		
Storm Water Fees					
Accounts	3,269,751	164,172		1,047,809	2,264,077
Intergovernmental	613,599	60,195		875,370	6,063
Loans				<u>200,000</u>	
	<u>\$ 6,117,164</u>	<u>\$ 224,367</u>	<u>\$ 1,251,303</u>	<u>\$ 2,123,179</u>	<u>\$ 2,270,140</u>
Allowances for Doubtful Accounts	<u>(2,868,907)</u>		<u>(35,441)</u>		<u>(567,534)</u>
	<u>\$ 3,248,257</u>	<u>\$ 224,367</u>	<u>\$ 1,215,862</u>	<u>\$ 2,123,179</u>	<u>\$ 1,702,606</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

	<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	\$	\$	\$	\$ 3,740	\$ 2,237,554
Local Accommodations Taxes				304,942	304,942
Hospitality Fees					1,251,303
Storm Water Fees				79,921	79,921
Accounts	3,200	26,042	292,553	22,047	7,089,651
Intergovernmental	2,075,082		22,625	2,476,256	6,129,190
Loans				722,066	922,066
	<u>\$ 2,078,282</u>	<u>\$ 26,042</u>	<u>\$ 315,178</u>	<u>\$ 3,608,972</u>	<u>\$ 18,014,627</u>
Allowances for Doubtful Accounts			(153,866)	(36,203)	(3,661,951)
	<u>\$ 2,078,282</u>	<u>\$ 26,042</u>	<u>\$ 161,312</u>	<u>\$ 3,572,769</u>	<u>\$ 14,352,676</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, 2007, the intergovernmental receivable in the Baseball Stadium Fund, relating to this agreement, is to be collected as follows:

Year Ending June 30, 2008	\$ 144,000
2009	151,500
2010	157,500
2011	165,000
2012	172,500
2013 - 2017	1,002,000
2018	231,000
	<u>\$ 2,023,500</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, 2007, amounts due to/from other funds were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 3,895,127	\$
Hospitality Fee Fund		309,716
Air Base Tax Increment Revenue Fund		58,143
Nonmajor Governmental Funds		2,421,144
Internal Service Funds		1,106,124
Water and Sewer Fund	2,183,007	
Baseball Stadium Fund		1,223,921
Solid Waste Management Fund		959,086
	<u>\$ 6,078,134</u>	<u>\$ 6,078,134</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from the Hospitality Fee Fund, two nonmajor governmental funds (\$1,708,023) and the internal service funds are expected to be repaid shortly after the end of the fiscal year. All other amounts are expected to be repaid in more than one year, as resources become available.

At June 30, 2007, the outstanding balances of an interfund advance were as follows:

	Receivable	Payable
Capital Improvements Fund	\$ 210,350	\$
Municipal Golf Course Fund		210,350
	\$ 210,350	\$ 210,350

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, 2007 were as follows:

Transfers In	Transfers Out			
	General Fund	Convention Center Fund	Hospitality Fee Fund	Capital Improvements Fund
General Fund	\$	\$	\$ 1,550,000	\$
Convention Center Fund	537,154		1,112,725	1,436,186
Hospitality Fee Fund				1,951,000
Capital Improvements Fund	77,000		1,300,000	
Nonmajor Governmental Funds	115,000	1,886,710	2,471,034	
Baseball Stadium Fund			725,000	
Municipal Golf Course Fund				
Solid Waste Management Fund	760,853		250,000	
	\$ 1,490,007	\$ 1,886,710	\$ 7,408,759	\$ 3,387,186

Transfers In	Transfers Out		
	Nonmajor Governmental Funds	Water and Sewer Fund	Totals
General Fund	\$ 4,789,921	\$ 593,507	\$ 6,933,428
Convention Center Fund			3,086,065
Hospitality Fee Fund			1,951,000
Capital Improvements Fund	2,710,284		4,087,284
Nonmajor Governmental Funds	4,466,754		8,939,498
Baseball Stadium Fund			725,000
Municipal Golf Course Fund		1,817,338	1,817,338
Solid Waste Management Fund			1,010,853
	\$ 11,966,959	\$ 2,410,845	\$ 28,550,466

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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, 2007, 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	9,523,527	
Hospitality Fee Fund	205,076	
MBCCHC		<u>9,831,295</u>
	<u>\$ 9,831,295</u>	<u>\$ 9,831,295</u>

On June 1, 2001, the MBCCHC entered into a site lease with the City, which was subsequently amended on May 1, 2004. The site lease is for a 2.71 acre parcel of land upon which the convention center hotel is constructed. The site lease expires April 1, 2036 and requires annual rental payments equal to a fixed rental component plus 3.0% of the MBCCHC's gross revenues. The rental payments are to be remitted to the City in accordance with the terms of the revenue bond trust indenture. During the year ended June 30, 2007, rent expense for this lease amounted to \$2,978,230. Minimum future rental payments for the fixed component of this lease as of June 30, 2007 are as follows:

Year Ending June 30, 2008	\$	2,483,688
2009		2,483,688
2010		2,483,688
2011		2,963,688
2012		2,962,888
2013 - 2017		14,820,688
2018 - 2022		17,464,210
2023 - 2027		19,100,326
2028 - 2032		19,034,250
2033 - 2036		<u>15,223,000</u>
	<u>\$</u>	<u>99,020,114</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, 2007:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Governmental Activities:

General Fund:

Court Bonds	\$ 547,427
Confiscated and Seized Funds	360,287
Grant Funds	6,091
Refundable Deposits	154,319
Other	160,153

Hospitality Fee Fund:

Revenue Bond Accounts	1,825
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Air Base Tax Increment Revenue Fund:

Revenue Bond Accounts	21,500,303
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Capital Improvements Fund:

Bond Proceeds	2,970,287
PUD Improvements	728,060
Hospitality Fees	3,440,263

Nonmajor Governmental Funds:

Certificates of Participation Accounts	1,351,919
Tax Increment Revenue Bond Accounts	2,255,607
Storm Water Revenue Bond Accounts	912,407
	<u>\$ 34,388,948</u>

Business-Type Activities:

Water and Sewer Fund:

Customer Deposits	\$ 1,399,451
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Baseball Stadium Fund:

Certificates of Participation Accounts	653,957
Renewal and Replacement Accounts	300,000
	<u>\$ 2,353,408</u>

At June 30, 2007, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$3,826,945.

Note 9 - CAPITAL ASSETS (NET)

The City's capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 27,399,902	\$ 176,773	\$	\$ 27,576,675
Construction-in-Progress	11,884,107	16,436,983	11,344,661	16,976,429
	<u>\$ 39,284,009</u>	<u>\$ 16,613,756</u>	<u>\$ 11,344,661</u>	<u>\$ 44,553,104</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 2,872,509	\$ 1,262,958	\$	\$ 4,135,467
Buildings and Improvements	64,077,441	330,365		64,407,806
Furniture, Vehicles and Equipment	32,090,145	4,294,520		36,384,665
Infrastructure	109,268,538	20,013,521		129,282,059
	<u>\$ 208,308,633</u>	<u>\$ 25,901,364</u>	<u>\$</u>	<u>\$ 234,209,997</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities (continued):				
Accumulated Depreciation for:				
Land Improvements	\$ (720,867)	\$ (165,859)	\$	\$ (886,726)
Buildings and Improvements	(23,354,455)	(2,178,110)		(25,532,565)
Furniture, Vehicles and Equipment	(23,357,014)	(2,631,255)		(25,988,269)
Infrastructure	<u>(45,456,223)</u>	<u>(3,029,225)</u>		<u>(48,485,448)</u>
	<u>\$ (92,888,559)</u>	<u>\$ (8,004,449)</u>	<u>\$</u>	<u>\$ (100,893,008)</u>
Capital Assets (Net)	<u>\$ 154,704,083</u>	<u>\$ 34,510,671</u>	<u>\$ 11,344,661</u>	<u>\$ 177,870,093</u>
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 16,350,379	\$	\$	\$ 16,350,379
Construction-in-Progress	<u>1,416,107</u>	<u>1,675,736</u>	<u>693,177</u>	<u>2,398,666</u>
	<u>\$ 17,766,486</u>	<u>\$ 1,675,736</u>	<u>\$ 693,177</u>	<u>\$ 18,749,045</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 8,392,597	\$	\$	\$ 8,392,597
Buildings and Improvements	10,525,748			10,525,748
Distribution System	126,800,822	4,530,021		131,330,843
Furniture, Vehicles and Equipment	<u>4,973,263</u>	<u>62,093</u>		<u>5,035,356</u>
	<u>\$ 150,692,430</u>	<u>\$ 4,592,114</u>	<u>\$</u>	<u>\$ 155,284,544</u>
Accumulated Depreciation for:				
Land Improvements	\$ (1,505,513)	\$ (288,466)	\$	\$ (1,793,979)
Buildings and Improvements	(3,601,320)	(374,464)		(3,975,784)
Distribution System	(44,762,281)	(3,126,259)		(47,888,540)
Furniture, Vehicles and Equipment	<u>(4,136,258)</u>	<u>(208,304)</u>		<u>(4,344,562)</u>
	<u>\$ (54,005,372)</u>	<u>\$ (3,997,493)</u>	<u>\$</u>	<u>\$ (58,002,865)</u>
Capital Assets (Net)	<u>\$ 114,453,544</u>	<u>\$ 2,270,357</u>	<u>\$ 693,177</u>	<u>\$ 116,030,724</u>

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

Governmental Activities:	
General Government	\$ 255,011
Public Safety	758,701
Transportation	2,763,174
Community and Economic Development	530,021
Culture and Recreation	1,809,666
Public Works	24,625
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	<u>1,863,251</u>
	<u>\$ 8,004,449</u>
Business-Type Activities:	
Water	\$ 1,566,467
Sewer	1,676,427
Baseball Stadium	390,847
Municipal Golf Course	280,760
Solid Waste Management	<u>82,992</u>
	<u>\$ 3,997,493</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

The MBDRC's capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Equipment	\$ 573,846	\$ 50,296	\$ _____	\$ 624,142
Accumulated Depreciation for:				
Equipment	\$ (228,200)	\$ (103,378)	\$ _____	\$ (331,578)
Capital Assets (Net)	<u>\$ 345,646</u>	<u>\$ (53,082)</u>	<u>\$ _____</u>	<u>\$ 292,564</u>

The MBCCHC's capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 538,708	\$ _____	\$ _____	\$ 538,708
Building	42,280,619	_____	_____	42,280,619
Furnishings and Equipment	<u>9,780,451</u>	<u>259,836</u>	<u>_____</u>	<u>10,040,287</u>
	<u>\$ 52,599,778</u>	<u>\$ 259,836</u>	<u>\$ _____</u>	<u>\$ 52,859,614</u>
Accumulated Depreciation for:				
Land Improvements	\$ (92,029)	\$ (26,936)	\$ _____	\$ (118,965)
Building	(3,611,470)	(1,057,015)	_____	(4,668,485)
Furnishings and Equipment	<u>(6,026,697)</u>	<u>(1,885,984)</u>	<u>_____</u>	<u>(7,912,681)</u>
	<u>\$ (9,730,196)</u>	<u>\$ (2,969,935)</u>	<u>\$ _____</u>	<u>\$ (12,700,131)</u>
Capital Assets (Net)	<u>\$ 42,869,582</u>	<u>\$ (2,710,099)</u>	<u>\$ _____</u>	<u>\$ 40,159,483</u>

Note 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2007:

	<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	\$ 1,821,912	\$ 134,613	\$ 2,866,179	\$ 1,709,673	\$ 5,125
Accrued Salaries and Wages	582,160	30,193	_____	40,980	556
Compensated Absences	_____	_____	_____	106,214	799
Accrued Interest Payable	_____	_____	_____	_____	_____
Retainage Payable	_____	_____	297,030	108,264	_____
	<u>\$ 2,404,072</u>	<u>\$ 164,806</u>	<u>\$ 3,163,209</u>	<u>\$ 1,965,131</u>	<u>\$ 6,480</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

	<u>Municipal Golf Course Fund</u>	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Trade Accounts Payable	\$ 77,407	\$ 136,816	\$ 1,285,406	\$ 8,037,131
Accrued Salaries and Wages	15,218	21,384	21,872	712,363
Compensated Absences	38,018	49,968	15,246	210,245
Accrued Interest Payable			121,461	121,461
Retainage Payable				405,294
	<u>\$ 130,643</u>	<u>\$ 208,168</u>	<u>\$ 1,443,985</u>	<u>\$ 9,486,494</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Accrued Interest Payable	1,864,553
	<u>\$ 11,351,047</u>

Note 11 - UNEARNED/DEFERRED REVENUE

At June 30, 2007, unearned/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	\$ 492,020	\$	\$	\$
Ambulance Fees	678,346			
Grant Revenues	6,091			
Lease Revenues	30,375	9,523,527		
Contributions				200,000
Deposits		212,552		
Tap Fees				
Other	8,019	24,131	4,410	
	<u>\$ 1,214,851</u>	<u>\$ 9,760,210</u>	<u>\$ 4,410</u>	<u>\$ 200,000</u>

	<u>Water and Sewer Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property Taxes	\$	\$ 3,539	\$ 495,559
Ambulance Fees			678,346
Grant Revenues			6,091
Lease Revenues			9,553,902
Contributions			200,000
Deposits			212,552
Tap Fees	172,045		172,045
Other		761	37,321
	<u>\$ 172,045</u>	<u>\$ 4,300</u>	<u>\$ 11,355,816</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Property Taxes	(495,559)
Ambulance Fees	(678,346)
Lease Revenues	(9,523,527)
Contributions	(200,000)
Other	(28,226)
	<u>\$ 430,158</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 12 - BOND ANTICIPATION NOTES

On March 14, 2007, the City issued General Obligation Bond Anticipation Notes Series 2007A in the amount of \$4,850,000. The bond anticipation notes bear interest at 4.0% per annum. All principal and interest is due in full on March 14, 2008. The bond anticipation notes were issued to provide funds for various capital projects.

The City's short-term liability activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond Anticipation Notes	\$ _____	\$ <u>4,850,000</u>	\$ _____	\$ <u>4,850,000</u>

Note 13 - LONG-TERM LIABILITIES

A. Governmental Activities

At June 30, 2007, long-term debt of the City's governmental activities was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
General Obligation Bonds:				
Series 1999	\$ 5,000,000	4.63 - 6.63%	03/01/15	\$ 3,125,000
Series 2001	2,460,000	4.75 - 5.10	03/01/17	1,795,000
Series 2002A	4,900,000	4.00 - 5.25	03/01/27	4,290,000
Series 2002B	6,270,000	4.00 - 5.25	03/01/27	5,515,000
Series 2003A	11,200,000	4.00 - 5.00	03/01/28	10,560,000
Refunding Series 2003B	4,800,000	2.00 - 4.00	03/01/14	3,400,000
Series 2006A	6,950,000	4.00 - 5.00	03/01/31	6,950,000
Series 2006B	2,730,000	4.00 - 5.00	03/01/31	2,730,000
Series 2006C	2,500,000	4.00 - 6.00	03/01/26	<u>2,430,000</u>
				<u>\$ 40,795,000</u>
Certificates of Participation:				
Refunding Series 1998	21,385,000	3.60 - 5.00	07/01/17	\$ 14,075,000
Series 2002	4,130,000	3.00 - 4.75	06/01/23	<u>3,525,000</u>
				<u>\$ 17,600,000</u>
Tax Increment Revenue Bonds:				
Refunding Series 2003	6,200,000	2.00 - 5.00	04/01/09	\$ 2,275,000
Series 2006A	30,795,000	5.25 - 5.30	10/01/35	30,795,000
Series 2006B	10,050,000	7.50	10/01/31	<u>1,800,345</u>
				<u>\$ 34,870,345</u>
Storm Water Revenue Bonds:				
Series 2004	10,499,052	3.25	05/01/27	<u>\$ 10,499,052</u>
Hospitality Fee Revenue Bonds:				
Series 2004A	44,260,000	4.00 - 5.38	06/01/36	\$ 44,260,000
Series 2004B	5,400,000	5.38 - 5.75	06/01/19	<u>5,400,000</u>
				<u>\$ 49,660,000</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

	<u>Original</u> <u>Issue Amount</u>	<u>Interest Rates</u>	<u>Final</u> <u>Maturity Date</u>	<u>Amount</u>
Note Payable:				
2006	\$ 2,897,500	4.88 %	11/07/08	\$ <u>2,897,500</u>
Capital Lease Obligations:				
2001	3,147,535	5.94	08/10/08	\$ 2,029,813
2002	533,684	3.81	10/01/07	28,920
2004	985,936	4.05	04/01/12	810,230
2004	750,000	3.56	10/14/09	<u>465,640</u>
				<u>\$ 3,334,603</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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,2008	\$ 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	1,661,184	3,771,184
2012	2,190,000	1,567,728	3,757,728
2013 - 2017	9,745,000	6,339,162	16,084,162
2018 - 2022	7,960,000	4,368,825	12,328,825
2023 - 2027	9,925,000	2,249,743	12,174,743
2028 - 2031	<u>3,255,000</u>	<u>329,640</u>	<u>3,584,640</u>
	<u>\$ 40,795,000</u>	<u>\$ 21,991,502</u>	<u>\$ 62,786,502</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 18 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 30,2008	\$ 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	1,390,000	583,220	1,973,220
2013 - 2017	8,010,000	1,818,000	9,828,000
2018 - 2022	2,910,000	300,263	3,210,263
2023	<u>300,000</u>	<u>14,250</u>	<u>314,250</u>
	<u>\$ 17,600,000</u>	<u>\$ 5,634,968</u>	<u>\$ 23,234,968</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Tax Increment Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2008	\$ 1,110,000	\$ 1,789,898	\$ 2,899,898
2009	1,165,000	1,817,746	2,982,746
2010		1,759,496	1,759,496
2011	580,000	1,744,271	2,324,271
2012	610,000	1,713,033	2,323,033
2013 - 2017	3,570,000	8,035,705	11,605,705
2018 - 2022	4,615,000	6,967,199	11,582,199
2023 - 2027	5,955,000	5,586,974	11,541,974
2028 - 2032	9,495,345	3,795,372	13,290,717
2033 - 2036	<u>7,770,000</u>	<u>850,120</u>	<u>8,620,120</u>
	<u>\$ 34,870,345</u>	<u>\$ 34,059,814</u>	<u>\$ 68,930,159</u>

Proceeds of the \$10,050,000 Tax Increment Revenue Bonds Series 2006B are received when eligible project costs are incurred. Accordingly, an additional \$8,249,655 of proceeds will be received by the City.

Storm Water Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2008	\$ 379,346	\$ 336,627	\$ 715,973
2009	391,825	324,148	715,973
2010	404,716	311,257	715,973
2011	418,030	297,943	715,973
2012	431,783	284,190	715,973
2013 - 2017	2,381,566	1,198,297	3,579,863
2018 - 2022	2,799,951	779,912	3,579,863
2023 - 2027	<u>3,291,835</u>	<u>288,027</u>	<u>3,579,862</u>
	<u>\$ 10,499,052</u>	<u>\$ 3,820,401</u>	<u>\$ 14,319,453</u>

Hospitality Fee Revenue Bonds

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

	Principal	Interest	Total
Year Ending June 30, 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	585,000	2,516,525	3,101,525
2013 - 2017	3,425,000	12,085,244	15,510,244
2018 - 2022	7,165,000	10,898,150	18,063,150
2023 - 2027	10,875,000	8,452,525	19,327,525
2028 - 2032	13,560,000	5,474,250	19,034,250
2033 - 2036	13,495,000	1,728,000	15,223,000
	\$ 49,660,000	\$ 51,335,994	\$ 100,995,994

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:

	Principal	Interest	Total
Year Ending June 30, 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, 2007, the gross amount of equipment recorded under capital leases totaled \$5,417,155. 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, 2007 are as follows:

Year Ending June 30, 2008	\$ 713,348
2009	2,168,409
2010	298,671
2011	132,278
2012	404,188
Total Minimum Lease Payments	\$ 3,716,894
Amount Representing Interest	(382,291)
Present Value of Minimum Lease Payments	\$ 3,334,603

B. Business-Type Activities

Long-term debt of the City's business-type activities consisted of the following at June 30, 2007:

	Original Issue Amount	Interest Rates	Final Maturity Date	Amount
Certificates of Participation: Series 1998	\$ 10,295,000	3.65 - 5.00%	07/01/18	\$ 7,205,000

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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 18 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 30,2008	\$ 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	550,000	245,117	795,117
2013 - 2017	3,180,000	787,313	3,967,313
2018 - 2019	<u>1,505,000</u>	<u>76,125</u>	<u>1,581,125</u>
	<u>\$ 7,205,000</u>	<u>\$ 2,324,108</u>	<u>\$ 9,529,108</u>

C. MBDRRC

Long-term debt outstanding at June 30, 2007 in the MBDRRC 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%	09/01/08	\$ <u>300,000</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 30,2008	\$ 150,000	\$ 12,167	\$ 162,167
2009	<u>150,000</u>	<u>6,100</u>	<u>156,100</u>
	<u>\$ 300,000</u>	<u>\$ 18,267</u>	<u>\$ 318,267</u>

D. MBCCHC

Long-term debt outstanding at June 30, 2007 in the MBCCHC was as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Series 2001B	\$ 23,500,000	4.00 - 5.25%	04/01/36	\$ <u>22,185,000</u>
Notes Payable:				
Operator Loan	1,000,000	0.00	09/27/15	\$ 1,000,000
Conversion Loan	905,000	10.00	09/27/12	905,000
Key Money Loan	500,000	0.00	09/27/15	450,000
Mezzanine Loan	500,000	10.00	09/27/15	<u>500,000</u>
				<u>\$ 2,855,000</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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

	Principal	Interest	Total
Year Ending June 30, 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	430,000	1,068,926	1,498,926
2013 - 2017	2,465,000	5,021,830	7,486,830
2018 - 2022	3,150,000	4,337,975	7,487,975
2023 - 2027	4,065,000	3,425,363	7,490,363
2028 - 2032	5,245,000	2,240,175	7,485,175
2033 - 2036	5,280,000	710,850	5,990,850
	\$ 22,185,000	\$ 21,250,914	\$ 43,435,914

Notes Payable

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

	Principal	Interest	Total
Year Ending June 30, 2008	\$ 50,000	\$ 350,719	\$ 400,719
2009	273,259	134,927	408,186
2010	347,678	106,006	453,684
2011	347,678	75,825	423,503
2012	547,678	45,752	593,430
2013 - 2016	1,288,707	40,204	1,328,911
	\$ 2,855,000	\$ 753,433	\$ 3,608,433

E. Changes in Long-Term Liabilities

The City's long-term liability activity for the year ended June 30, 2007 was as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 42,365,000	\$	\$ 1,570,000	\$ 40,795,000	\$ 1,635,000
Certificates of Participation	18,715,000		1,115,000	17,600,000	1,170,000
Tax Increment Revenue Bonds	3,345,000	32,595,345	1,070,000	34,870,345	1,110,000
Storm Water Revenue Bonds	7,788,768	2,710,284		10,499,052	379,346
Hospitality Fee Revenue Bonds	49,660,000			49,660,000	
Unamortized Bond Discount	(1,048,629)	(96,319)	(41,528)	(1,103,420)	
Unamortized Bond Premium	464,963		84,547	380,416	
Unamortized Loss on Advance Refunding	(358,441)		(90,077)	(268,364)	
	<u>\$ 120,931,661</u>	<u>\$ 35,209,310</u>	<u>\$ 3,707,942</u>	<u>\$ 152,433,029</u>	<u>\$ 4,294,346</u>
Note Payable	2,897,500			2,897,500	
Capital Lease Obligations	3,947,635		613,032	3,334,603	543,110
Judgment	930,537		517,390	413,147	413,147
Unreported Insurance Claims	3,046,380	6,504,754	6,270,738	3,280,396	701,840
Compensated Absences	2,717,643	1,763,990	1,832,025	2,649,608	1,775,238
	<u>\$ 134,471,356</u>	<u>\$ 43,478,054</u>	<u>\$ 12,941,127</u>	<u>\$ 165,008,283</u>	<u>\$ 7,727,681</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Compensated Absences Included in Accounts Payable and Accrued Expenses	<u>(15,246)</u>	<u>(15,246)</u>
	<u>\$ 164,993,037</u>	<u>\$ 7,712,435</u>

Business-Type Activities:

Bonds Payable:					
Certificates of Participation	\$ 7,650,000	\$	\$ 445,000	\$ 7,205,000	\$ 460,000
Unamortized Bond Discount	(60,790)		(5,065)	(55,725)	
	<u>\$ 7,589,210</u>	<u>\$</u>	<u>\$ 439,935</u>	<u>\$ 7,149,275</u>	<u>\$ 460,000</u>
Compensated Absences	320,643	174,438	204,039	291,042	194,999
	<u>\$ 7,909,853</u>	<u>\$ 174,438</u>	<u>\$ 643,974</u>	<u>\$ 7,440,317</u>	<u>\$ 654,999</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Compensated Absences Included in Accounts Payable and Accrued Expenses	<u>(194,999)</u>	<u>(194,999)</u>
Bonds Payable Included in Liabilities Payable From Restricted Assets	<u>(460,000)</u>	<u>(460,000)</u>
	<u>\$ 6,785,318</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 \$22,756, capital lease obligations of \$2,868,963 and unreported insurance claims of \$3,280,396 are included in the above amounts.

For governmental activities, 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, 2007 was as follows:

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note Payable	\$ 450,000	\$	\$ 150,000	\$ 300,000	\$ 150,000
Compensated Absences	<u>11,790</u>	<u>10,214</u>	<u>8,489</u>	<u>13,515</u>	<u>9,055</u>
	<u>\$ 461,790</u>	<u>\$ 10,214</u>	<u>\$ 158,489</u>	<u>\$ 313,515</u>	<u>\$ 159,055</u>

The MBCCHC's long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	\$ 22,535,000	\$	\$ 350,000	\$ 22,185,000	\$ 365,000
Unamortized Bond Discounts	<u>(463,578)</u>	<u></u>	<u>(15,582)</u>	<u>(447,996)</u>	<u></u>
	\$ 22,071,422	\$	\$ 334,418	\$ 21,737,004	\$ 365,000
Notes Payable	<u>2,905,000</u>	<u></u>	<u>50,000</u>	<u>2,855,000</u>	<u>50,000</u>
	<u>\$ 24,976,422</u>	<u>\$</u>	<u>\$ 384,418</u>	<u>\$ 24,592,004</u>	<u>\$ 415,000</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Bonds Payable Included in Liabilities Payable From Restricted Assets	<u>(365,000)</u>	<u>(365,000)</u>
	<u>\$ 24,227,004</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, 2007 is \$1,035,000.

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 an irrevocable trust to provide for all future debt service on the then outstanding Waterworks and Sewer System Revenue Bonds Series 2003 in the amount of \$16,320,000. As a result, the Waterworks and Sewer System Revenue Bonds Series 2003 are considered defeased and the City has removed the liabilities from its accounts. The unmatured and outstanding principal balance on the defeased bonds at June 30, 2007 is \$15,225,000.

Note 14 - OPERATING LEASES

The City is the lessor of land under lease arrangements classified as operating leases. The leases expire in various years though the year 2020. At June 30, 2007, 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, 2007 are shown below.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Year Ending June 30, 2008	\$	240,000
2009		240,000
2010		240,000
2011		240,000
2012		240,000
2013 - 2017		1,200,000
2018 - 2020		<u>600,000</u>
	\$	<u><u>3,000,000</u></u>

Minimum future rentals do not include contingent rentals that may be received under the land leases. Contingent rentals during the year ended June 30, 2007 amounted to \$1,677,736. In accordance with an agreement entered into on May 5, 2004, the City is required to remit 75% of the proceeds from these leases to Horry County, South Carolina.

The City is also the lessor of a baseball stadium facility under a lease agreement, which is classified as an operating lease. The activity of the lease is accounted for in the Baseball Stadium Fund. The lease expires in 2018 and requires annual rental payments equal to 4.0% of adjusted gross revenues in excess of \$3,250,000 on December 31 of each year. During the year ended June 30, 2007, rental income from this lease amounted to \$11,442.

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2007:

Land	\$	5,600,000
Land Improvements		680,000
Buildings		7,858,273
Equipment		928,535
Accumulated Depreciation		<u>(3,741,700)</u>
	\$	<u><u>11,325,108</u></u>

Note 15 - RETIREMENT PLANS

A. Plan Description

City employees participate in either the South Carolina Police Officers Retirement System (PORS) or the South Carolina Retirement System (SCRS) depending on their duties. Both plans are administered by the South Carolina Retirement Systems and are classified as cost-sharing multiple-employer defined benefit public retirement systems. Each plan provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions are established under authority of Title 9 of the South Carolina Code of Laws. The South Carolina Retirement Systems issue a Comprehensive Annual Financial Report which discloses detailed information regarding benefit provisions and actuarial information. This report is available to the public and may be obtained by writing to the South Carolina Retirement Systems, Post Office Box 11960, Columbia, South Carolina 29211.

B. Funding Policy

Members of the PORS and SCRS are required to contribute 6.5% of their covered wages. The City is required to contribute at actuarially determined rates, currently 10.7% of PORS member wages and 8.2% 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, 2007, 2006 and 2005 were \$1,741,089, \$1,727,247 and \$1,511,762, respectively. The City's contributions to the SCRS for the years ended June 30, 2007, 2006 and 2005 were \$1,411,831, \$1,434,347 and \$1,192,430, respectively. The contributions made by the City to the PORS and SCRS, as shown above, were equal to the required contributions for each year.

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 16 - POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to the retirement benefits described in Note 15, 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, 2007, eighty one retirees were receiving postemployment health care benefits. The City finances and recognizes as an expense health care costs for eligible retired employees in the period of payment. During the year ended June 30, 2007, the cost of retiree health care totaled \$383,530.

Note 17 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the Self Insurance Fund, an internal service fund, to account for and finance its uninsured risks of loss for worker's compensation, general liability and property damage. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$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, 2007, the Self Insurance Fund has a claim liability of \$2,578,556. 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, 2007 and 2006 follows:

	2007	2006
Beginning Balance	\$ 2,277,386	\$ 1,712,577
Claims Incurred and Change in Estimate	1,658,608	1,614,575
Claim Payments	(1,357,438)	(1,049,766)
Ending Balance	\$ 2,578,556	\$ 2,277,386

During the year ended June 30, 2007, the City established the Health Insurance Fund, an internal service fund, to account for and finance employee medical claims. The Health Insurance Fund provides coverage for claims up to \$100,000 per employee per year. The City purchases commercial insurance for claims in excess of \$100,000. Settled claims did not exceed the City's commercial coverage during the year ended June 30, 2007.

The Health Insurance Fund allocates the costs of providing claims servicing and claims payment to other funds by charging them a "premium" based on estimates of the amounts needed to pay prior and current claims. At June 30, 2007, the Health Insurance Fund has a claim liability of \$701,840, which is based on the requirements of Governmental Accounting Standards Board Statement No. 10. A summary of changes in the Health Insurance Fund's claims liability during the year ended June 30, 2007 follows:

Beginning Balance		\$
Claims Incurred and Change in Estimate		4,846,146
Claim Payments		(4,144,306)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Ending Balance \$ 701,840

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 18 - COMMITMENTS

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

The Facilities Lease Agreement was subsequently amended on 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, 2007, follows. The amounts provided for each year are sufficient to fund the required debt service on the Certificates of Participation.

Year Ending June 30, 2008		\$ 1,687,760
2009		1,685,510
2010		1,690,140
2011		1,691,090
2012		1,683,250
2013 - 2017		<u>8,442,750</u>
		<u>\$ 16,880,500</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, 2008		\$ 564,394
2009		566,941
2010		565,035
2011		565,630
2012		565,035
2013 - 2017		2,834,190
2018		<u>565,950</u>
		<u>\$ 6,227,175</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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:

Year Ending June 30, 2008	\$	310,250
2009		314,650
2010		313,700
2011		312,575
2012		311,050
2013 - 2017		1,566,375
2018 - 2022		1,560,013
2023		<u>314,250</u>
	\$	<u><u>5,002,863</u></u>

In accordance with a water and wastewater service agreement dated June 30, 2006, the City is purchasing wholesale water and wastewater treatment service from Grand Strand Water and Sewer Authority. The agreement requires the City to pay a monthly volumetric service charge. During the year ended June 30, 2007, water and wastewater treatment service charges totaled \$12,120,502.

Prior to June 30, 2007, the City entered into various construction contracts. The approximate costs of the contracts were \$8,638,000 of which roughly \$7,523,000 has been incurred as of year-end.

Note 19 - 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 20 - PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2007, the City implemented the retroactive reporting provisions of GASB Statement No. 34 relating to general infrastructure assets. As a result, beginning net assets of governmental activities in the government-wide financial statements have been increased by \$18,731,208 (estimated historical cost of \$61,526,463 net of accumulated depreciation of \$42,795,255). Had the general infrastructure assets been retroactively reported previously, the change in net assets of governmental activities for 2006 would have decreased by \$1,306,746. The retroactive reporting of general infrastructure assets decreased the 2007 change in net assets of governmental activities by \$1,299,120. Beginning net assets of governmental activities in the government-wide financial statements have also been increased by \$5,247,800 to correct an error relating to the contribution of land that had not been recorded by the City during the year ended June 30, 2002.

Beginning net assets of the Municipal Golf Course Fund have been increased by \$16,525,452 (estimated fair value of \$17,656,500 net of accumulated depreciation of \$1,131,048) to correct an error relating to the contribution of a golf course that had not been recorded by the City during the year ended June 30, 2002. Had the error not been made, the change in net assets of the Municipal Golf Course Fund for 2006 would have decreased by \$242,367. The correction decreased the 2007 change in net assets of the Municipal Golf Course Fund by \$242,367.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 14,467,000	\$ 14,467,000	\$ 15,234,992	\$ 767,992
Licenses and Permits	21,581,197	21,581,197	23,264,562	1,683,365
Fines and Forfeitures	1,701,500	1,701,500	1,514,516	(186,984)
Intergovernmental	2,004,754	2,067,082	2,258,424	191,342
Charges for Services	1,951,300	1,951,300	2,113,053	161,753
Miscellaneous	2,045,500	2,549,131	2,834,103	284,972
Total Revenues	<u>\$ 43,751,251</u>	<u>\$ 44,317,210</u>	<u>\$ 47,219,650</u>	<u>\$ 2,902,440</u>
EXPENDITURES				
Current:				
General Government	\$ 7,088,302	\$ 7,973,511	\$ 7,856,820	\$ 116,691
Public Safety	26,786,882	26,806,882	26,431,765	375,117
Transportation	2,439,630	2,439,630	2,372,253	67,377
Community and Economic Development	2,104,687	2,457,281	2,457,281	
Culture and Recreation	9,451,603	9,383,895	9,343,858	40,037
Public Works	1,243,590	1,243,590	1,215,074	28,516
Capital Outlay	388,123	388,123	358,068	30,055
Total Expenditures	<u>\$ 49,502,817</u>	<u>\$ 50,692,912</u>	<u>\$ 50,035,119</u>	<u>\$ 657,793</u>
Deficiency of Revenues Under Expenditures	<u>\$ (5,751,566)</u>	<u>\$ (6,375,702)</u>	<u>\$ (2,815,469)</u>	<u>\$ 3,560,233</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 5,758,000	\$ 7,013,654	\$ 6,933,428	\$ (80,226)
Transfers Out		(1,648,806)	(1,490,007)	158,799
Total Other Financing Sources (Uses)	<u>\$ 5,758,000</u>	<u>\$ 5,364,848</u>	<u>\$ 5,443,421</u>	<u>\$ 78,573</u>
Net Change in Fund Balances	\$ 6,434	\$ (1,010,854)	\$ 2,627,952	\$ 3,638,806
Fund Balances - Beginning	<u>9,265,262</u>	<u>9,265,262</u>	<u>9,265,262</u>	
Fund Balances - Ending	<u><u>\$ 9,271,696</u></u>	<u><u>\$ 8,254,408</u></u>	<u><u>\$ 11,893,214</u></u>	<u><u>\$ 3,638,806</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, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 940,000	\$ 982,194	\$ 989,272	\$ 7,078
Licenses and Permits	786,800	786,800	968,649	181,849
Intergovernmental	52,368	52,368	60,195	7,827
Charges for Services	1,920,000	1,920,000	1,920,708	708
Miscellaneous	165,000	165,000	128	(164,872)
Total Revenues	<u>\$ 3,864,168</u>	<u>\$ 3,906,362</u>	<u>\$ 3,938,952</u>	<u>\$ 32,590</u>
EXPENDITURES				
Current:				
General Government	\$ 298,932	\$ 329,962	\$ 329,962	\$
Culture and Recreation	3,508,404	3,519,568	3,519,568	
Total Expenditures	<u>\$ 3,807,336</u>	<u>\$ 3,849,530</u>	<u>\$ 3,849,530</u>	<u>\$</u>
Excess of Revenues Over Expenditures	<u>\$ 56,832</u>	<u>\$ 56,832</u>	<u>\$ 89,422</u>	<u>\$ 32,590</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 3,086,065	\$ 3,086,065	\$ 3,086,065	\$
Transfers Out	(1,886,710)	(1,886,710)	(1,886,710)	
Total Other Financing Sources (Uses)	<u>\$ 1,199,355</u>	<u>\$ 1,199,355</u>	<u>\$ 1,199,355</u>	<u>\$</u>
Net Change in Fund Balances	<u>\$ 1,256,187</u>	<u>\$ 1,256,187</u>	<u>\$ 1,288,777</u>	<u>\$ 32,590</u>
Fund Balances - Beginning	<u>(1,243,936)</u>	<u>(1,243,936)</u>	<u>(1,243,936)</u>	<u></u>
Fund Balances - Ending	<u>\$ 12,251</u>	<u>\$ 12,251</u>	<u>\$ 44,841</u>	<u>\$ 32,590</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, 2007

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Hospitality Fees	\$ 8,670,120	\$ 8,348,376	\$ (321,744)
Miscellaneous	65,000	20,504	(44,496)
Total Revenues	\$ 8,735,120	\$ 8,368,880	\$ (366,240)
EXPENDITURES			
Capital Outlay	\$ 410,000	\$	\$ 410,000
Debt Service:			
Interest and Fiscal Charges	2,484,403	2,545,325	(60,922)
Total Expenditures	\$ 2,894,403	\$ 2,545,325	\$ 349,078
Excess of Revenues Over Expenditures	\$ 5,840,717	\$ 5,823,555	\$ (17,162)
OTHER FINANCING SOURCES (USES)			
Transfers In	\$	\$ 1,951,000	\$ 1,951,000
Transfers Out	(7,408,759)	(7,408,759)	(7,408,759)
Total Other Financing Sources (Uses)	\$ (7,408,759)	\$ (5,457,759)	\$ 1,951,000
Net Change in Fund Balances	\$ (1,568,042)	\$ 365,796	\$ 1,933,838
Fund Balances - Beginning	742,841	742,841	
Fund Balances - Ending	\$ (825,201)	\$ 1,108,637	\$ 1,933,838

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
AIR BASE TAX INCREMENT REVENUE FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$	\$	746,105	746,105
EXPENDITURES				
Capital Outlay	\$	32,855,379	10,925,237	21,930,142
Debt Service:				
Interest and Fiscal Charges		4,235,507	731,012	3,504,495
Bond Issuance Costs		1,450,800	1,450,769	31
Total Expenditures	\$	38,541,686	13,107,018	25,434,668
Deficiency of Revenues Under Expenditures	\$	(38,541,686)	(12,360,913)	26,180,773
OTHER FINANCING SOURCES (USES)				
Tax Increment Revenue Bonds Issued	\$	40,845,000	32,595,345	(8,249,655)
Discount on Tax Increment Revenue Bonds		(96,319)	(96,319)	
Total Other Financing Sources (Uses)	\$	40,748,681	32,499,026	(8,249,655)
Net Change in Fund Balances	\$	2,206,995	20,138,113	17,931,118
Fund Balances - Beginning				
Fund Balances - Ending	\$	2,206,995	20,138,113	17,931,118

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2007

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, 2007, 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, 2007, 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, 2007 as follows:

General Fund	\$ 2,838,901
Convention Center Fund	42,194
Air Base Tax Increment Revenue Fund	38,541,686
Capital Improvements Fund	28,133,654
Nonmajor Governmental Funds:	
Accommodations Tax Fund	710,191
Public Facilities Corporation Fund	25,645
Community Block Development Fund	57,928
Storm Water Fund	2,617,991
Local Accommodations Tax Fund	115,000
Debt Service Fund	213,931
Municipal Golf Course Fund	348,916
Solid Waste Management Fund	158,799

**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, 2007

	Special Revenue Funds			
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Tax Increment Revenue
ASSETS				
Cash and Temporary Investments	\$	\$	\$	\$ 446,535
Receivables (Net):				
Property Taxes				3,539
Local Accommodations Taxes				
Storm Water Fees				
Intergovernmental	2,218,591		246,206	
Loans			722,066	
Restricted Cash and Temporary Investments		1,351,919		2,255,607
Total Assets	\$ 2,218,591	\$ 1,351,919	\$ 968,272	\$ 2,705,681
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 665,578	\$	\$ 3,617	\$ 26,329
Due to Other Fund	1,456,799	713,121	251,224	
Deferred Revenue				3,539
Total Liabilities	\$ 2,122,377	\$ 713,121	\$ 254,841	\$ 29,868
Fund Balances (Deficit):				
Reserved for:				
Long-Term Receivable	\$	\$	\$ 722,066	\$
Certificates of Participation		1,351,919		
Tax Increment Revenue Bonds				2,255,607
Storm Water Revenue Bonds				
Debt Service				
Unreserved:				
Undesignated	96,214	(713,121)	(8,635)	420,206
Total Fund Balances	\$ 96,214	\$ 638,798	\$ 713,431	\$ 2,675,813
Total Liabilities and Fund Balances	\$ 2,218,591	\$ 1,351,919	\$ 968,272	\$ 2,705,681

Special Revenue Funds						Total Nonmajor Governmental Funds
Victims Advocate	Storm Water	Local Accommodations Tax	Total	Debt Service Fund		
\$ 40,230	\$ 2,456,742	\$ 1,179,338	\$ 4,122,845	\$ 1,754,129	\$ 5,876,974	
			3,539		3,539	
		304,211	304,211		304,211	
	44,650		44,650		44,650	
	11,459		2,476,256		2,476,256	
			722,066		722,066	
	912,407		4,519,933		4,519,933	
<u>\$ 40,230</u>	<u>\$ 3,425,258</u>	<u>\$ 1,483,549</u>	<u>\$ 12,193,500</u>	<u>\$ 1,754,129</u>	<u>\$ 13,947,629</u>	
\$ 6,943	\$ 34,296	\$ 174,828	\$ 911,591	\$ 1,293	\$ 912,884	
			2,421,144		2,421,144	
		761	4,300		4,300	
<u>\$ 6,943</u>	<u>\$ 34,296</u>	<u>\$ 175,589</u>	<u>\$ 3,337,035</u>	<u>\$ 1,293</u>	<u>\$ 3,338,328</u>	
\$	\$	\$	\$ 722,066	\$	\$ 722,066	
			1,351,919		1,351,919	
			2,255,607		2,255,607	
	912,407		912,407		912,407	
				1,752,836	1,752,836	
<u>33,287</u>	<u>2,478,555</u>	<u>1,307,960</u>	<u>3,614,466</u>	<u>1,752,836</u>	<u>3,614,466</u>	
<u>\$ 33,287</u>	<u>\$ 3,390,962</u>	<u>\$ 1,307,960</u>	<u>\$ 8,856,465</u>	<u>\$ 1,752,836</u>	<u>\$ 10,609,301</u>	
<u>\$ 40,230</u>	<u>\$ 3,425,258</u>	<u>\$ 1,483,549</u>	<u>\$ 12,193,500</u>	<u>\$ 1,754,129</u>	<u>\$ 13,947,629</u>	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	Special Revenue Funds			
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Tax Increment Revenue
REVENUES				
Property Taxes	\$	\$	\$	\$ 2,136,089
Local Accommodations Taxes				
Storm Water Fees				
Fines and Forfeitures				
Intergovernmental	6,503,233		243,492	1,212
Miscellaneous	25,860	26,637		127,462
Total Revenues	<u>\$ 6,529,093</u>	<u>\$ 26,637</u>	<u>\$ 243,492</u>	<u>\$ 2,264,763</u>
EXPENDITURES				
Current:				
General Government	\$	\$ 60,795	\$ 3,872	\$ 20,627
Transportation				
Community and Economic Development	2,100,970		279,056	169,826
Capital Outlay				420,649
Debt Service:				
Principal				
Interest and Fiscal Charges				
Total Expenditures	<u>\$ 2,100,970</u>	<u>\$ 60,795</u>	<u>\$ 282,928</u>	<u>\$ 611,102</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,428,123</u>	<u>\$ (34,158)</u>	<u>\$ (39,436)</u>	<u>\$ 1,653,661</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$	\$ 2,161,154	\$	\$
Transfers Out	(4,689,555)	(2,126,154)		(1,290,867)
Storm Water Revenue Bonds Issued				
Total Other Financing Sources (Uses)	<u>\$ (4,689,555)</u>	<u>\$ 35,000</u>	<u>\$</u>	<u>\$ (1,290,867)</u>
Net Change in Fund Balances	\$ (261,432)	\$ 842	\$ (39,436)	\$ 362,794
Fund Balances - Beginning	<u>357,646</u>	<u>637,956</u>	<u>752,867</u>	<u>2,313,019</u>
Fund Balances - Ending	<u>\$ 96,214</u>	<u>\$ 638,798</u>	<u>\$ 713,431</u>	<u>\$ 2,675,813</u>

Special Revenue Funds					
Victims Advocate	Storm Water	Local Accommodations Tax	Total	Debt Service Fund	Total Nonmajor Governmental Funds
\$	\$	\$	\$ 2,136,089	\$ 2,140,424	\$ 4,276,513
		1,850,628	1,850,628		1,850,628
	1,250,928		1,250,928		1,250,928
247,842			247,842		247,842
			6,747,937		6,747,937
	140,589	52,589	373,137	44,065	417,202
<u>\$ 247,842</u>	<u>\$ 1,391,517</u>	<u>\$ 1,903,217</u>	<u>\$ 12,606,561</u>	<u>\$ 2,184,489</u>	<u>\$ 14,791,050</u>
\$ 298,214	\$ 145,819	\$ 30,000	\$ 559,327	\$ 204,606	\$ 763,933
	1,232,719		1,232,719		1,232,719
		667,015	3,216,867		3,216,867
			420,649		420,649
	438,540		438,540	3,909,406	3,909,406
<u>\$ 298,214</u>	<u>\$ 1,817,078</u>	<u>\$ 697,015</u>	<u>\$ 5,868,102</u>	<u>\$ 6,993,649</u>	<u>\$ 12,861,751</u>
\$ (50,372)	\$ (425,561)	\$ 1,206,202	\$ 6,738,459	\$ (4,809,160)	\$ 1,929,299
\$ (31,171)	\$ 1,100,000	\$ 115,000	\$ 3,376,154	\$ 5,563,344	\$ 8,939,498
	(2,710,284)	(1,118,928)	(11,966,959)		(11,966,959)
	2,710,284		2,710,284		2,710,284
<u>\$ (31,171)</u>	<u>\$ 1,100,000</u>	<u>\$ (1,003,928)</u>	<u>\$ (5,880,521)</u>	<u>\$ 5,563,344</u>	<u>\$ (317,177)</u>
\$ (81,543)	\$ 674,439	\$ 202,274	\$ 857,938	\$ 754,184	\$ 1,612,122
<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>\$ 33,287</u>	<u>\$ 3,390,962</u>	<u>\$ 1,307,960</u>	<u>\$ 8,856,465</u>	<u>\$ 1,752,836</u>	<u>\$ 10,609,301</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, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,714,419	\$ 6,714,419	\$ 6,503,233	\$ (211,186)
Miscellaneous	11,844	11,844	25,860	14,016
Total Revenues	<u>\$ 6,726,263</u>	<u>\$ 6,726,263</u>	<u>\$ 6,529,093</u>	<u>\$ (197,170)</u>
EXPENDITURES				
Current:				
Community and Economic Development	\$ 2,735,056	\$ 2,735,056	\$ 2,100,970	\$ 634,086
Excess of Revenues Over Expenditures	\$ 3,991,207	\$ 3,991,207	\$ 4,428,123	\$ 436,916
OTHER FINANCING USES				
Transfers Out	<u>(3,979,364)</u>	<u>(4,689,555)</u>	<u>(4,689,555)</u>	
Net Change in Fund Balance	\$ 11,843	\$ (698,348)	\$ (261,432)	\$ 436,916
Fund Balance - Beginning	<u>357,646</u>	<u>357,646</u>	<u>357,646</u>	
Fund Balance - Ending	<u>\$ 369,489</u>	<u>\$ (340,702)</u>	<u>\$ 96,214</u>	<u>\$ 436,916</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
PUBLIC FACILITIES CORPORATION FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 7,000	\$ 26,637	\$ 26,637	\$
EXPENDITURES				
Current:				
General Government	\$ 35,150	\$ 60,795	\$ 60,795	\$
Deficiency of Revenues Under Expenditures	\$ (28,150)	\$ (34,158)	\$ (34,158)	\$
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 2,161,154	\$ 2,161,154	\$ 2,161,154	\$
Transfers Out	(2,126,154)	(2,126,154)	(2,126,154)	\$
Total Other Financing Sources (Uses)	\$ 35,000	\$ 35,000	\$ 35,000	\$
Net Change in Fund Balances	\$ 6,850	\$ 842	\$ 842	\$
Fund Balances - Beginning	637,956	637,956	637,956	\$
Fund Balances - Ending	\$ 644,806	\$ 638,798	\$ 638,798	\$

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, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 225,000	\$ 243,492	\$ 243,492	\$ _____
EXPENDITURES				
Current:				
General Government	\$ _____	\$ 3,872	\$ 3,872	\$ _____
Community and Economic Development	225,000	279,056	279,056	_____
Total Expenditures	\$ 225,000	\$ 282,928	\$ 282,928	\$ _____
Net Change in Fund Balances	\$ _____	\$ (39,436)	\$ (39,436)	\$ _____
Fund Balances - Beginning	752,867	752,867	752,867	_____
Fund Balances - Ending	\$ 752,867	\$ 713,431	\$ 713,431	\$ _____

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, 2007

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 2,071,278	\$ 2,136,089	\$ 64,811
Intergovernmental		1,212	1,212
Miscellaneous	23,719	127,462	103,743
Total Revenues	<u>\$ 2,094,997</u>	<u>\$ 2,264,763</u>	<u>\$ 169,766</u>
EXPENDITURES			
Current:			
General Government	\$ 20,627	\$ 20,627	
Community and Economic Development	723,666	169,826	553,840
Capital Outlay	420,649	420,649	
Total Expenditures	<u>\$ 1,164,942</u>	<u>\$ 611,102</u>	<u>\$ 553,840</u>
Excess of Revenues Over Expenditures	\$ 930,055	\$ 1,653,661	\$ 723,606
OTHER FINANCING USES			
Transfers Out	<u>(1,422,783)</u>	<u>(1,290,867)</u>	<u>131,916</u>
Net Change in Fund Balances	\$ (492,728)	\$ 362,794	\$ 855,522
Fund Balances - Beginning	<u>2,313,019</u>	<u>2,313,019</u>	
Fund Balances - Ending	<u>\$ 1,820,291</u>	<u>\$ 2,675,813</u>	<u>\$ 855,522</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, 2007

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 280,000	\$ 247,842	\$ (32,158)
Miscellaneous	5,313		(5,313)
Total Revenues	<u>\$ 285,313</u>	<u>\$ 247,842</u>	<u>\$ (37,471)</u>
EXPENDITURES			
Current:			
General Government	\$ 304,542	\$ 298,214	\$ 6,328
Deficiency of Revenues Under Expenditures	\$ (19,229)	\$ (50,372)	\$ (31,143)
OTHER FINANCING USES			
Transfers Out	<u>(31,171)</u>	<u>(31,171)</u>	
Net Change in Fund Balance	\$ (50,400)	\$ (81,543)	\$ (31,143)
Fund Balance - Beginning	<u>114,830</u>	<u>114,830</u>	
Fund Balance - Ending	<u>\$ 64,430</u>	<u>\$ 33,287</u>	<u>\$ (31,143)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Storm Water Fees	\$ 1,306,000	\$ 1,306,000	\$ 1,250,928	\$ (55,072)
Miscellaneous	65,000	65,000	140,589	75,589
Total Revenues	<u>\$ 1,371,000</u>	<u>\$ 1,371,000</u>	<u>\$ 1,391,517</u>	<u>\$ 20,517</u>
EXPENDITURES				
Current:				
General Government	\$ 145,819	\$ 145,819	\$ 145,819	\$
Transportation	1,239,678	1,239,678	1,232,719	6,959
Debt Service:				
Interest and Fiscal Charges		438,540	438,540	
Total Expenditures	<u>\$ 1,385,497</u>	<u>\$ 1,824,037</u>	<u>\$ 1,817,078</u>	<u>\$ 6,959</u>
Deficiency of Revenues Under Expenditures	<u>\$ (14,497)</u>	<u>\$ (453,037)</u>	<u>\$ (425,561)</u>	<u>\$ 27,476</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$
Transfers Out	(530,833)	(2,710,284)	(2,710,284)	
Storm Water Revenue Bonds Issued		2,710,284	2,710,284	
Total Other Financing Sources (Uses)	<u>\$ 569,167</u>	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$</u>
Net Change in Fund Balances	<u>\$ 554,670</u>	<u>\$ 646,963</u>	<u>\$ 674,439</u>	<u>\$ 27,476</u>
Fund Balances - Beginning	<u>2,716,523</u>	<u>2,716,523</u>	<u>2,716,523</u>	<u></u>
Fund Balances - Ending	<u><u>\$ 3,271,193</u></u>	<u><u>\$ 3,363,486</u></u>	<u><u>\$ 3,390,962</u></u>	<u><u>\$ 27,476</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
LOCAL ACCOMMODATIONS TAX FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Accommodations Taxes	\$ 1,892,800	\$ 1,892,800	\$ 1,850,628	\$ (42,172)
Miscellaneous	10,000	10,000	52,589	42,589
Total Revenues	<u>\$ 1,902,800</u>	<u>\$ 1,902,800</u>	<u>\$ 1,903,217</u>	<u>\$ 417</u>
EXPENDITURES				
Current:				
General Government	\$ 120,000	\$ 120,000	\$ 30,000	\$ 90,000
Community and Economic Development	663,872	778,872	667,015	111,857
Total Expenditures	<u>\$ 783,872</u>	<u>\$ 898,872</u>	<u>\$ 697,015</u>	<u>\$ 201,857</u>
Excess of Revenues Over Expenditures	<u>\$ 1,118,928</u>	<u>\$ 1,003,928</u>	<u>\$ 1,206,202</u>	<u>\$ 202,274</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$	\$ 115,000	\$ 115,000	\$
Transfers Out	(1,118,928)	(1,118,928)	(1,118,928)	
Total Other Financing Sources (Uses)	<u>\$ (1,118,928)</u>	<u>\$ (1,003,928)</u>	<u>\$ (1,003,928)</u>	<u>\$</u>
Net Change in Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$ 202,274</u>	<u>\$ 202,274</u>
Fund Balance - Beginning	<u>1,105,686</u>	<u>1,105,686</u>	<u>1,105,686</u>	<u></u>
Fund Balance - Ending	<u><u>\$ 1,105,686</u></u>	<u><u>\$ 1,105,686</u></u>	<u><u>\$ 1,307,960</u></u>	<u><u>\$ 202,274</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,884,000	\$ 1,884,000	\$ 2,140,424	\$ 256,424
Miscellaneous			44,065	44,065
Total Revenues	<u>\$ 1,884,000</u>	<u>\$ 1,884,000</u>	<u>\$ 2,184,489</u>	<u>\$ 300,489</u>
EXPENDITURES				
Current:				
General Government	\$	\$ 204,606	\$ 204,606	\$
Debt Service:				
Principal	3,794,666	3,909,406	3,909,406	
Interest and Fiscal Charges	2,985,052	2,879,637	2,879,637	
Total Expenditures	<u>\$ 6,779,718</u>	<u>\$ 6,993,649</u>	<u>\$ 6,993,649</u>	<u>\$</u>
Deficiency of Revenues Under Expenditures	\$ (4,895,718)	\$ (5,109,649)	\$ (4,809,160)	\$ 300,489
OTHER FINANCING SOURCES				
Transfers In	<u>5,563,344</u>	<u>5,563,344</u>	<u>5,563,344</u>	
Net Change in Fund Balance	\$ 667,626	\$ 453,695	\$ 754,184	\$ 300,489
Fund Balance - Beginning	<u>998,652</u>	<u>998,652</u>	<u>998,652</u>	
Fund Balance - Ending	<u><u>\$ 1,666,278</u></u>	<u><u>\$ 1,452,347</u></u>	<u><u>\$ 1,752,836</u></u>	<u><u>\$ 300,489</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 350,000	\$ 350,000	\$ 245,923	\$ (104,077)
Licenses and Permits	870,500	870,500	1,285,235	414,735
Intergovernmental	300,000	8,215,588	6,034,300	(2,181,288)
Miscellaneous	3,760,755	5,574,732	2,852,033	(2,722,699)
Total Revenues	<u>\$ 5,281,255</u>	<u>\$ 15,010,820</u>	<u>\$ 10,417,491</u>	<u>\$ (4,593,329)</u>
EXPENDITURES				
Current:				
General Government	\$	\$ 745,756	\$ 745,756	\$
Transportation		163,082	163,082	
Community and Economic Development		126,334	126,334	
Culture and Recreation		4,853,893	4,853,893	
Capital Outlay	6,710,500	28,256,277	13,545,652	14,710,625
Debt Service:				
Bond Issuance Costs		8,381	8,381	
Total Expenditures	<u>\$ 6,710,500</u>	<u>\$ 34,153,723</u>	<u>\$ 19,443,098</u>	<u>\$ 14,710,625</u>
Deficiency of Revenues Under Expenditures	<u>\$ (1,429,245)</u>	<u>\$ (19,142,903)</u>	<u>\$ (9,025,607)</u>	<u>\$ 10,117,296</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,362,000	\$ 4,514,355	\$ 4,087,284	\$ (427,071)
Transfers Out	(745,755)	(1,436,186)	(3,387,186)	(1,951,000)
Total Other Financing Sources (Uses)	<u>\$ 616,245</u>	<u>\$ 3,078,169</u>	<u>\$ 700,098</u>	<u>\$ (2,378,071)</u>
Net Change in Fund Balances	<u>\$ (813,000)</u>	<u>\$ (16,064,734)</u>	<u>\$ (8,325,509)</u>	<u>\$ 7,739,225</u>
Fund Balances - Beginning	<u>20,326,254</u>	<u>20,326,254</u>	<u>20,326,254</u>	
Fund Balances - Ending	<u><u>\$ 19,513,254</u></u>	<u><u>\$ 4,261,520</u></u>	<u><u>\$ 12,000,745</u></u>	<u><u>\$ 7,739,225</u></u>

INTERNAL SERVICE FUNDS

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

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

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

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

D-1

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2007

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Temporary Investments	\$ 488,036	\$ 865,365	\$ 628,985	\$ 1,982,386
Accounts Receivable	20,897	1,150		22,047
Inventories	164,038			164,038
Total Current Assets	\$ 672,971	\$ 866,515	\$ 628,985	\$ 2,168,471
Noncurrent Assets:				
Other Capital Assets (Net)	6,250,611			6,250,611
Total Assets	\$ 6,923,582	\$ 866,515	\$ 628,985	\$ 8,419,082
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 238,514	\$ 200,912	\$ 91,675	\$ 531,101
Due to Other Fund		806,124	300,000	1,106,124
Unreported Insurance Claims			701,840	701,840
Capital Lease Obligations	393,294			393,294
Total Current Liabilities	\$ 631,808	\$ 1,007,036	\$ 1,093,515	\$ 2,732,359
Noncurrent Liabilities:				
Compensated Absences	\$ 7,510			\$ 7,510
Unreported Insurance Claims		2,578,556		2,578,556
Capital Lease Obligations	2,475,669			2,475,669
Total Noncurrent Liabilities	\$ 2,483,179	\$ 2,578,556	\$	\$ 5,061,735
Total Liabilities	\$ 3,114,987	\$ 3,585,592	\$ 1,093,515	\$ 7,794,094
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 3,381,648			\$ 3,381,648
Unrestricted	426,947	(2,719,077)	(464,530)	(2,756,660)
Total Net Assets	\$ 3,808,595	\$ (2,719,077)	\$ (464,530)	\$ 624,988

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2007

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 4,101,606	\$ 4,954,505	\$ 5,096,443	\$ 14,152,554
OPERATING EXPENSES				
Administration	\$ 463,794	\$	\$	\$ 463,794
Operations	1,431,423	5,062,105	5,577,794	12,071,322
Depreciation	1,863,251			1,863,251
Total Operating Expenses	<u>\$ 3,758,468</u>	<u>\$ 5,062,105</u>	<u>\$ 5,577,794</u>	<u>\$ 14,398,367</u>
Operating Income (Loss)	<u>\$ 343,138</u>	<u>\$ (107,600)</u>	<u>\$ (481,351)</u>	<u>\$ (245,813)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 40,164	\$	\$ 16,821	\$ 56,985
Miscellaneous Revenues	517			517
Interest Expense	(161,009)	(24,080)		(185,089)
Total Nonoperating Revenues (Expenses)	<u>\$ (120,328)</u>	<u>\$ (24,080)</u>	<u>\$ 16,821</u>	<u>\$ (127,587)</u>
Change in Net Assets	<u>\$ 222,810</u>	<u>\$ (131,680)</u>	<u>\$ (464,530)</u>	<u>\$ (373,400)</u>
Total Net Assets - Beginning	<u>3,585,785</u>	<u>(2,587,397)</u>		<u>998,388</u>
Total Net Assets - Ending	<u><u>\$ 3,808,595</u></u>	<u><u>\$ (2,719,077)</u></u>	<u><u>\$ (464,530)</u></u>	<u><u>\$ 624,988</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2007

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Interfund Services Provided	\$ 4,101,606	\$ 4,954,505	\$ 5,096,443	\$ 14,152,554
Payments to Suppliers	(1,836,234)	(3,403,496)	(664,494)	(5,904,224)
Payments to Employees	(370,123)			(370,123)
Payments of Claims		(1,282,703)	(4,119,785)	(5,402,488)
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 1,895,249</u>	<u>\$ 268,306</u>	<u>\$ 312,164</u>	<u>\$ 2,475,719</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds From Interfund Loan	\$	\$ 48,046	\$ 300,000	\$ 348,046
Interest Payments on Interfund Loan		(24,080)		(24,080)
Net Cash and Cash Equivalents Provided by Noncapital Financing Activities	<u>\$</u>	<u>\$ 23,966</u>	<u>\$ 300,000</u>	<u>\$ 323,966</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments on Capital Lease Obligations	\$ (458,626)		\$	\$ (458,626)
Interest Payments on Capital Lease Obligations	(175,916)			(175,916)
Purchases of Capital Assets	(1,741,940)			(1,741,940)
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (2,376,482)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (2,376,482)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	\$ 40,164		\$ 16,821	\$ 56,985
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 40,164</u>	<u>\$</u>	<u>\$ 16,821</u>	<u>\$ 56,985</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (441,069)</u>	<u>\$ 292,272</u>	<u>\$ 628,985</u>	<u>\$ 480,188</u>
Cash and Cash Equivalents - Beginning	<u>929,105</u>	<u>573,093</u>	<u></u>	<u>1,502,198</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 488,036</u></u>	<u><u>\$ 865,365</u></u>	<u><u>\$ 628,985</u></u>	<u><u>\$ 1,982,386</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2007

	<u>Fleet Management Fund</u>	<u>Self Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided by Operating Activities</u>				
Operating Income (Loss)	\$ 343,138	\$ (107,600)	\$ (481,351)	\$ (245,813)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided by Operating Activities:				
Depreciation	1,863,251			1,863,251
(Increase) Decrease in Accounts Receivable	(19,109)	47,903		28,794
(Increase) in Inventories	(14,658)			(14,658)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(277,890)	26,833	91,675	(159,382)
Increase in Unreported Insurance Claims		301,170	701,840	1,003,010
Miscellaneous Receipts	<u>517</u>			<u>517</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 1,895,249</u>	<u>\$ 268,306</u>	<u>\$ 312,164</u>	<u>\$ 2,475,719</u>

AGENCY FUND

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

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

CITY OF MYRTLE BEACH, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FIREMEN'S FUND
Year Ended June 30, 2007

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
ASSETS				
Cash and Temporary Investments	\$ <u>12,714</u>	\$ <u>238,252</u>	\$ <u>243,707</u>	\$ <u>7,259</u>
LIABILITIES				
Due to Firemen's Association	\$ <u>12,714</u>	\$ <u>238,252</u>	\$ <u>243,707</u>	\$ <u>7,259</u>

DISCRETELY PRESENTED COMPONENT UNIT

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION
June 30, 2007**

ASSETS

Cash and Temporary Investments	\$ 876,831
Receivables:	
Accounts	2,598
Loans	<u>4,028</u>
Total Assets	<u>\$ 883,457</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts Payable and Accrued Expenditures	\$ 9,554
Unearned Revenue	<u>38,894</u>
Total Liabilities	<u>\$ 48,448</u>
Fund Balances:	
Reserved for:	
Long-Term Receivable	\$ 4,028
Unreserved:	
Designated for Redevelopment Loans	53,957
Undesignated	<u>777,024</u>
Total Fund Balances	<u>\$ 835,009</u>
Total Liabilities and Fund Balances	<u>\$ 883,457</u>

Reconciliation to the Statement of Net Assets

Total Fund Balances	\$ 835,009
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.	292,564
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>(323,654)</u>
Net Assets Reported in the Statement of Net Assets	<u>\$ 803,919</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, 2007**

REVENUES

Charges for Services	\$ 847,540
Miscellaneous	162,888
Total Revenues	<u>\$ 1,010,428</u>

EXPENDITURES

Current:	
Community and Economic Development	\$ 613,392
Capital Outlay	50,296
Debt Service:	
Principal	150,000
Interest	18,250
Total Expenditures	<u>\$ 831,938</u>

Net Change in Fund Balances \$ 178,490

Fund Balances - Beginning 656,519

Fund Balances - Ending \$ 835,009

Reconciliation to the Statement of Activities

Net Change in Fund Balances \$ 178,490

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. (53,082)

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. 3,344

Change in Net Assets Reported in the Statement of Activities \$ 278,752

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, 2007

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for Services	\$ 22,904,549	\$ 22,618,640	\$ (285,909)
OPERATING EXPENSES			
Administration	\$ 6,177,691	\$ 5,326,047	\$ 851,644
Operations	16,350,549	17,122,381	(771,832)
Depreciation	3,428,591	3,242,894	185,697
Total Operating Expenses	<u>\$ 25,956,831</u>	<u>\$ 25,691,322</u>	<u>\$ 265,509</u>
Operating Loss	<u>\$ (3,052,282)</u>	<u>\$ (3,072,682)</u>	<u>\$ (20,400)</u>
NONOPERATING REVENUES			
Interest Earned	\$	\$ 1,122,687	\$ 1,122,687
Miscellaneous Revenue	<u></u>	<u>280,305</u>	<u>280,305</u>
Total Nonoperating Revenues	<u>\$</u>	<u>\$ 1,402,992</u>	<u>\$ 1,402,992</u>
Loss Before Contributions and Transfers	\$ (3,052,282)	\$ (1,669,690)	\$ 1,382,592
Capital Contributions	3,000,000	5,274,881	2,274,881
Transfers Out	<u>(2,903,472)</u>	<u>(2,410,845)</u>	<u>492,627</u>
Change in Net Assets	\$ (2,955,754)	\$ 1,194,346	\$ 4,150,100
Total Net Assets - Beginning	<u>108,372,620</u>	<u>108,372,620</u>	
Total Net Assets - Ending	<u><u>\$ 105,416,866</u></u>	<u><u>\$ 109,566,966</u></u>	<u><u>\$ 4,150,100</u></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, 2007

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for Services	\$ 30,000	\$ 23,351	\$ (6,649)
OPERATING EXPENSES			
Operations	\$ 259,290	\$ 156,360	\$ 102,930
Depreciation	450,000	390,847	59,153
Total Operating Expenses	<u>\$ 709,290</u>	<u>\$ 547,207</u>	<u>\$ 162,083</u>
Operating Loss	<u>\$ (679,290)</u>	<u>\$ (523,856)</u>	<u>\$ 155,434</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Earned	\$ 102,440	\$ 84,181	\$ (18,259)
Interest and Fiscal Charges	(386,101)	(354,586)	31,515
Amortization of Bond Issuance Costs	(18,301)	(18,301)	
Total Nonoperating Revenues (Expenses)	<u>\$ (301,962)</u>	<u>\$ (288,706)</u>	<u>\$ 13,256</u>
Loss Before Transfers	\$ (981,252)	\$ (812,562)	\$ 168,690
Transfers In	<u>725,000</u>	<u>725,000</u>	
Change in Net Assets	\$ (256,252)	\$ (87,562)	\$ 168,690
Total Net Assets - Beginning	<u>6,020,387</u>	<u>6,020,387</u>	
Total Net Assets - Ending	<u><u>\$ 5,764,135</u></u>	<u><u>\$ 5,932,825</u></u>	<u><u>\$ 168,690</u></u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - BUDGET AND ACTUAL
ENTERPRISE FUND
MUNICIPAL GOLF COURSE FUND
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services	\$ 1,351,500	\$ 1,512,931	\$ 1,512,931	\$
OPERATING EXPENSES				
Administration	\$ 575,835	\$ 657,327	\$ 657,327	\$
Operations	707,377	754,200	754,200	
Depreciation	65,000	280,760	280,760	
Total Operating Expenses	\$ 1,348,212	\$ 1,692,287	\$ 1,692,287	\$
Operating Income (Loss)	\$ 3,288	\$ (179,356)	\$ (179,356)	\$
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$	\$ 23,342	\$ 23,342	\$
Miscellaneous Revenue		1,927	1,927	
Interest Expense	(8,000)	(12,841)	(12,841)	
Total Nonoperating Revenues (Expenses)	\$ (8,000)	\$ 12,428	\$ 12,428	\$
Loss Before Transfers	\$ (4,712)	\$ (166,928)	\$ (166,928)	\$
Transfers In	1,514,438	1,514,438	1,817,338	302,900
Change in Net Assets	\$ 1,509,726	\$ 1,347,510	\$ 1,650,410	\$ 302,900
Total Net Assets - Beginning, as Previously Reported	\$ (1,391,507)	\$ (1,391,507)	\$ (1,391,507)	\$
Prior Period Adjustment			16,525,452	16,525,452
Total Net Assets - Beginning, as Restated	\$ (1,391,507)	\$ (1,391,507)	\$ 15,133,945	\$ 16,525,452
Total Net Assets - Ending	\$ 118,219	\$ (43,997)	\$ 16,784,355	\$ 16,828,352

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, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for Services	\$ 3,155,885	\$ 3,155,885	\$ 3,144,853	\$ (11,032)
OPERATING EXPENSES				
Administration	\$ 644,688	\$ 653,881	\$ 653,881	
Operations	2,756,623	2,831,827	2,831,827	
Depreciation	75,000	82,992	82,992	
Total Operating Expenses	\$ 3,476,311	\$ 3,568,700	\$ 3,568,700	
Operating Loss	\$ (320,426)	\$ (412,815)	\$ (423,847)	\$ (11,032)
NONOPERATING REVENUES (EXPENSES)				
Interest Earned	\$ 10,000	\$ 10,000	\$	\$ (10,000)
Interest Expense		(66,410)	(56,410)	10,000
Total Nonoperating Revenues (Expenses)	\$ 10,000	\$ (56,410)	\$ (56,410)	
Loss Before Transfers	\$ (310,426)	\$ (469,225)	\$ (480,257)	\$ (11,032)
Transfers In	1,639,034	1,797,833	1,010,853	(786,980)
Change in Net Assets	\$ 1,328,608	\$ 1,328,608	\$ 530,596	\$ (798,012)
Total Net Assets - Beginning	(530,596)	(530,596)	(530,596)	
Total Net Assets - Ending	\$ 798,012	\$ 798,012	\$	\$ (798,012)

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
Year Ended June 30, 2007

Court Fines

Court Fines Collected	\$ 1,117,604
Court Fines Retained by City	<u>(1,117,604)</u>
Court Fines Remitted to State Treasurer	<u>\$</u>

Court Assessments

Court Assessments Collected	\$ 1,555,705
Court Assessments Retained by City	<u>(121,688)</u>
Court Assessments Remitted to State Treasurer	<u>\$ 1,434,017</u>

Court Surcharges

Court Surcharges Collected	\$ 126,154
Court Surcharges Retained by City	<u>(126,154)</u>
Court Surcharges Remitted to State Treasurer	<u>\$</u>

Victim Services

Court Assessments Allocated to Victim Services	\$ 121,688
Court Surcharges Allocated to Victim Services	<u>126,154</u>
Total Funds Allocated to Victim Services	\$ 247,842
Victim Services Expenditures	<u>(329,385)</u>
Funds Available for Carryforward From Year Ended June 30, 2007	\$ (81,543)
Funds Carried Forward From Year Ended June 30, 2006	<u>114,830</u>
Funds Available for Carryforward at June 30, 2007	<u>\$ 33,287</u>

STATISTICAL SECTION

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

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

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

Debt Capacity (Schedules 13 through 17) - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Schedules 18 through 19) - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information (Schedules 20 through 22) - These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Schedule 1

CITY OF MYRTLE BEACH, SOUTH CAROLINA
NET ASSETS BY COMPONENT
Last Five 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 2007, the City implemented the retroactive general infrastructure reporting provisions of GASB Statement 34.

UNAUDITED

Fiscal Year

	2006		2007	
\$	56,706,374	\$	82,814,567	(2)
	18,735,355		20,948,781	
	(29,804,581)		(20,442,305)	
\$	45,637,148	\$	83,321,043	

\$	92,853,491	\$	111,244,256
	662,576		690,813
	17,928,546		19,320,470
\$	111,444,613	\$	131,255,539

\$	149,559,865	\$	194,058,823
	19,397,931		21,639,594
	(11,876,035)		(1,121,835)
\$	157,081,761	\$	214,576,582

Schedule 2

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

	Fiscal Year		
	2003	2004	2005
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	\$ 54,096,188	\$ 56,938,045	\$ 64,180,267
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	\$ 27,302,480	\$ 29,258,507	\$ 30,175,809
Total Primary Government Expenses	\$ 81,398,668	\$ 86,196,552	\$ 94,356,076
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	\$ 15,719,075	\$ 21,612,970	\$ 25,131,754
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	\$ 28,863,929	\$ 33,460,260	\$ 34,097,287
Total Primary Government Program Revenues	\$ 44,583,004	\$ 55,073,230	\$ 59,229,041
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	\$ (36,815,664)	\$ (31,123,322)	\$ (35,127,035)

UNAUDITED

Fiscal Year	
<u>2006</u>	<u>2007</u>
\$ 8,335,752	\$ 9,537,675
26,163,070	27,214,495
4,338,760	6,499,966
6,146,463	6,363,577
13,985,339	19,588,846
1,263,193	1,229,671
5,756,278	7,535,019
<u>\$ 65,988,855</u>	<u>\$ 77,969,249</u>
\$ 11,977,403	\$ 12,961,816
12,539,283	12,761,392
960,144	922,727
1,372,601	1,713,721
3,495,721	3,584,314
<u>\$ 30,345,152</u>	<u>\$ 31,943,970</u>
<u>\$ 96,334,007</u>	<u>\$ 109,913,219</u>
\$ 14,932,956	\$ 15,540,554
803,000	3,197,987
14,808,105	9,962,742
<u>\$ 30,544,061</u>	<u>\$ 28,701,283</u>
\$ 28,936,831	\$ 27,582,007
6,295,323	5,274,881
<u>\$ 35,232,154</u>	<u>\$ 32,856,888</u>
<u>\$ 65,776,215</u>	<u>\$ 61,558,171</u>
\$ (35,444,794)	\$ (49,267,966)
4,887,002	912,918
<u>\$ (30,557,792)</u>	<u>\$ (48,355,048)</u>

Schedule 2 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
CHANGES IN NET ASSETS
Last Five 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 ⁽²⁾		(42,443,983)	
Transfers	(899,212)	(671,575)	(875,788)
Total Governmental Activities	\$ 45,344,269	\$ 5,816,034	\$ 51,831,539
Business-Type Activities:			
Investment Earnings	\$ 299,319	\$ 233,235	\$ 369,866
Special Item - Loss on Sale of Water and Wastewater Plant ⁽³⁾			
Extraordinary Item - Loss on Extinguishment of Debt ⁽⁴⁾			
Transfers	899,212	671,575	875,788
Total Business-Type Activities	\$ 1,198,531	\$ 904,810	\$ 1,245,654
Total Primary Government	\$ 46,542,800	\$ 6,720,844	\$ 53,077,193
 Change in Net Assets			
Governmental Activities	\$ 6,967,156	\$ (29,509,041)	\$ 12,783,026
Business-Type Activities	2,759,980	5,106,563	5,167,132
Total Primary Government	\$ 9,727,136	\$ (24,402,478)	\$ 17,950,158

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

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

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

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

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

UNAUDITED

Fiscal Year	
<u>2006</u>	<u>2007</u>
\$ 19,793,135	\$ 20,734,404
1,781,748	1,850,781
17,585,457	19,610,478
2,966,514	3,224,468
8,075,180	8,341,066
7,811,218	8,072,328
1,091,738	2,281,674
<u>(927,295)</u>	<u>(1,142,346)</u>
\$ <u>58,177,695</u>	\$ <u>62,972,853</u>
\$ 674,814	\$ 1,230,210
(18,577,670)	
(1,844,003)	
<u>927,295</u>	<u>1,142,346</u>
\$ <u>(18,819,564)</u>	\$ <u>2,372,556</u>
\$ <u>39,358,131</u>	\$ <u>65,345,409</u>
\$ 22,732,901	\$ 13,704,887
(13,932,562)	3,285,474
\$ <u>8,800,339</u>	\$ <u>16,990,361</u>

Schedule 3

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

Last Five 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	\$ <u>15,719,075</u>	\$ <u>21,612,970</u>	\$ <u>25,131,754</u>
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	\$ <u>28,863,929</u>	\$ <u>33,460,260</u>	\$ <u>34,097,287</u>
Total Primary Government	\$ <u><u>44,583,004</u></u>	\$ <u><u>55,073,230</u></u>	\$ <u><u>59,229,041</u></u>

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

UNAUDITED

Fiscal Year

	2006		2007
\$	1,946,968	\$	2,670,293
	3,031,083		2,525,607
	1,263,102		1,244,736
	2,755,499		2,832,062
	5,936,304		6,267,856
	40,716		195,923
	64,865		86,005
	187,372		243,492
	510,047		2,672,567
	242,675		129,130
	1,962,517		7,449,998
	2,630,616		2,367,176
	9,972,297		16,438
\$	30,544,061	\$	28,701,283

\$	14,687,054	\$	13,234,314
	9,754,058		9,664,631
	22,064		23,351
	1,336,523		1,514,858
	3,137,132		3,144,853

	2,559,116		2,158,556
	3,736,207		3,116,325
\$	35,232,154	\$	32,856,888

\$	65,776,215	\$	61,558,171
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Schedule 4

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

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	1998	1999	2000	2001
General Fund				
Reserved	\$ 184,515	\$ 151,303	\$ 163,172	\$ 134,944
Unreserved	5,074,142	3,141,803	4,063,915	4,229,143
Total General Fund	<u>\$ 5,258,657</u>	<u>\$ 3,293,106</u>	<u>\$ 4,227,087</u>	<u>\$ 4,364,087</u>
 All Other Governmental Funds				
Reserved	\$ 13,514,059	\$ 16,198,907	\$ 17,650,747	\$ 19,409,200
Unreserved, Reported in:				
Special Revenue Funds	6,529,856	4,405,463	3,814,262	4,699,615
Capital Projects Fund	1,658,079	4,437,221	4,423,036	3,709,841
Total All Other Governmental Funds	<u>\$ 21,701,994</u>	<u>\$ 25,041,591</u>	<u>\$ 25,888,045</u>	<u>\$ 27,818,656</u>

UNAUDITED

Fiscal Year

	2002	2003	2004	2005	2006	2007
\$	240,079	242,960	561,289	512,675	528,143	480,859
	<u>4,796,913</u>	<u>4,972,246</u>	<u>7,139,307</u>	<u>8,289,063</u>	<u>8,737,119</u>	<u>11,412,355</u>
\$	<u><u>5,036,992</u></u>	<u><u>5,215,206</u></u>	<u><u>7,700,596</u></u>	<u><u>8,801,738</u></u>	<u><u>9,265,262</u></u>	<u><u>11,893,214</u></u>
\$	24,446,057	19,141,998	21,009,691	16,028,128	19,787,328	34,746,321
	8,181,281	3,889,821	2,467,875	964,710	625,316	4,703,531
	<u>1,922,803</u>	<u>1,723,386</u>	<u>3,631,201</u>	<u>4,729,013</u>	<u>8,409,694</u>	<u>4,451,785</u>
\$	<u><u>34,550,141</u></u>	<u><u>24,755,205</u></u>	<u><u>27,108,767</u></u>	<u><u>21,721,851</u></u>	<u><u>28,822,338</u></u>	<u><u>43,901,637</u></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			
	1998	1999	2000	2001
Revenues				
Property Taxes	\$ 11,657,539	\$ 12,115,820	\$ 14,019,527	\$ 14,918,347
Local Accommodations Taxes				
Hospitality Fees	5,964,345	6,124,336	6,284,040	6,454,459
Storm Water Fees		343,866	814,323	1,043,866
Licenses and Permits	10,164,273	10,358,045	13,534,866	13,569,588
Fines and Forfeitures	1,685,275	1,832,947	1,701,595	2,129,332
Intergovernmental	8,778,775	14,018,610	9,508,215	8,607,179
Charges for Services	6,885,628	6,102,613	2,992,441	3,048,250
Miscellaneous	2,998,791	2,551,831	3,217,059	3,011,428
Total Revenues	\$ 48,134,626	\$ 53,448,068	\$ 52,072,066	\$ 52,782,449
Expenditures				
General Government	\$ 1,325,062	\$ 2,572,414	\$ 3,341,459	\$ 4,433,284
Public Safety	13,922,024	15,454,602	16,634,882	18,759,935
Transportation	3,304,573	1,951,384	2,917,487	2,426,097
Environmental Protection	3,985,374	3,506,691		
Community and Economic Development	3,486,071	3,413,765	3,634,615	3,689,431
Culture and Recreation	7,619,572	7,816,742	7,999,806	8,850,920
Public Works	828,303	782,854	888,939	1,024,495
Hurricane Preparedness	167	216,964	1,838,853	27,311
Capital Outlay	16,976,922	13,941,212	12,887,714	6,173,838
Debt Service:				
Principal	4,956,799	2,436,442	2,310,912	2,806,445
Interest and Fiscal Charges	2,464,250	2,030,672	2,196,325	2,245,490
Bond Issuance Costs	655,032		111,820	
Payment to Escrow Agent	2,100,395			
Total Expenditures	\$ 61,624,544	\$ 54,123,742	\$ 54,762,812	\$ 50,437,246
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (13,489,918)	\$ (675,674)	\$ (2,690,746)	\$ 2,345,203
Other Financing Sources (Uses)				
Transfers In	\$ 13,606,656	\$ 17,542,291	\$ 16,936,325	\$ 14,876,849
Transfers Out	(12,719,726)	(18,051,544)	(17,671,484)	(15,451,800)
Proceeds From Borrowing	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	112,840
Total Other Financing Sources (Uses)	\$ 10,199,542	\$ 2,049,720	\$ 4,471,181	\$ (462,111)

UNAUDITED

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			
	1998	1999	2000	2001
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (3,290,376)	\$ 1,374,046	\$ 1,780,435	\$ 1,883,092
Extraordinary Item Payment to Component Unit ⁽¹⁾				
Net Change in Fund Balances	\$ (3,290,376)	\$ 1,374,046	\$ 1,780,435	\$ 1,883,092
 Debt Service as a Percentage of Noncapital Expenditures ⁽²⁾	 <u>16.62%</u>	 <u>11.12%</u>	 <u>10.76%</u>	 <u>11.41%</u>

Notes:

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

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

UNAUDITED

		Fiscal Year									
		2002	2003	2004	2005	2006	2007				
\$	15,535,331	\$	15,943,052	\$	16,551,980	\$	16,857,489	\$	19,673,810	\$	20,746,700
	421,712		1,615,896		1,715,805		1,750,012		1,781,272		1,850,628
	6,668,179		6,767,640		7,334,838		7,716,371		8,074,246		8,348,376
	1,083,956		1,055,727		1,128,407		1,184,488		1,211,924		1,250,928
	14,496,531		15,284,365		16,809,981		19,920,457		23,188,731		25,518,446
	1,946,785		1,924,562		2,250,250		2,344,080		2,282,006		1,762,358
	8,405,801		9,829,233		9,729,686		11,200,217		17,817,520		15,100,856
	3,176,665		3,142,227		3,213,206		3,497,092		3,846,763		4,033,761
	2,463,923		2,618,212		3,837,285		4,192,709		5,186,358		6,870,075
\$	<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>	\$	<u>85,482,128</u>
\$	4,168,308	\$	4,526,805	\$	7,947,348	\$	7,282,506	\$	9,555,366	\$	9,696,471
	20,187,425		21,109,151		21,940,883		23,170,735		25,409,173		26,431,765
	2,621,063		5,496,199		3,007,219		3,078,302		3,334,165		3,768,054
	4,031,191		6,284,247		5,971,795		4,948,187		5,767,752		5,800,482
	9,835,411		9,990,249		10,524,012		11,569,589		12,177,294		17,717,319
	1,025,378		1,044,962		1,074,709		1,148,640		1,222,358		1,215,074
	22,422										
	13,920,742		15,699,085		15,726,835		15,291,296		27,117,413		25,249,606
	2,946,817		2,723,822		3,325,601		3,882,363		4,468,925		3,909,406
	2,110,265		2,512,114		2,499,941		5,436,004		5,196,919		6,594,514
	231,497		299,776		1,869,131		130,301		241,372		1,459,150
			1,843,872		361,493						
\$	<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>101,841,841</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>	\$	<u>(16,359,713)</u>
\$	15,386,569	\$	19,422,082	\$	21,386,430	\$	19,871,393	\$	21,959,087	\$	24,997,275
	(14,934,015)		(20,321,294)		(22,358,005)		(20,747,181)		(22,886,382)		(26,139,621)
	13,749,783		4,112,569		59,882,006		3,865,022		19,919,413		35,209,310
			6,628,855		4,821,230						
			(6,463,232)		(4,775,297)						
	103,689		147,123		4,100						
\$	<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>	\$	<u>34,066,964</u>

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 7,404,390	\$ (9,823,265)	\$ 47,282,935	\$ (4,285,774)	\$ 7,564,011	\$ 17,707,251
		(42,443,983)			
<u>\$ 7,404,390</u>	<u>\$ (9,823,265)</u>	<u>\$ 4,838,952</u>	<u>\$ (4,285,774)</u>	<u>\$ 7,564,011</u>	<u>\$ 17,707,251</u>
<u>10.72%</u>	<u>9.38%</u>	<u>9.95%</u>	<u>15.37%</u>	<u>14.35%</u>	<u>13.71%</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			
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
2007	250,165	55,929	306,094	61.40	6,121,899	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
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
2007	50.70	7.30	3.40	61.40	46.30	135.30	0.70

Source: Horry County Treasurer

UNAUDITED

Schedule 8

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

Taxpayer	Type of Business	Fiscal Year 2007	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developers	\$ 14,270,180	4.66 %
Verizon South, Inc.	Utility	3,342,180	1.09
AVX Corporation	Manufacturer	3,268,344	1.07
Marriott Ownership Resort, Inc.	Real Estate & Accommodations	3,103,832	1.01
Bluegreen Vacations Unlimited, Inc.	Real Estate & Accommodations	2,516,447	0.82
Coastal Grand, LLC	Retail	2,229,420	0.73
Columbia Properties MB, LLC	Real Estate & Accommodations	2,213,724	0.72
Grand Strand Medical Center	Hospital	2,100,420	0.69
South Beach Resort Myrtle Beach, LLC	Real Estate & Accommodations	1,978,860	0.65
Sand Castle South Condo Conversion	Real Estate & Accommodations	1,879,486	0.61
		<u>\$ 36,902,893</u>	<u>12.05 %</u>

Taxpayer	Type of Business	Fiscal Year 1998	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developers	\$ 8,782,013	4.69 %
AVX Corporation	Manufacturer	7,244,580	3.87
Verizon South, Inc.	Utility	4,417,490	2.36
Patricia Grand	Real Estate & Accommodations	1,675,314	0.89
Sea Mist Association	Real Estate & Accommodations	1,405,398	0.75
Grand Strand Medical Center	Hospital	1,250,652	0.67
T-H Myrtle Beach Limited	Real Estate Developers	1,164,000	0.62
Landmark, LLC	Real Estate & Accommodations	1,123,350	0.60
Breakers	Real Estate & Accommodations	1,060,750	0.57
General Direct Marketing	Real Estate & Accommodations	849,066	0.45
		<u>\$ 28,972,613</u>	<u>15.47 %</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
1998	\$ 10,585,822	\$ 10,266,262	96.98 %	\$ 319,560	\$ 10,585,822	100.00 %
1999	11,034,095	10,725,443	97.20	247,420	10,972,863	99.45
2000	13,336,699	12,504,139	93.76	748,374	13,252,513	99.37
2001	13,563,606	13,010,856	95.92	455,812	13,466,668	99.29
2002	14,441,970	13,872,611	96.06	478,498	14,351,109	99.37
2003	13,779,240	13,322,811	96.69	344,564	13,667,375	99.19
2004	15,747,893	15,161,238	96.27	452,632	15,613,870	99.15
2005	16,650,154	16,110,868	96.76	378,764	16,489,632	99.04
2006	17,451,880	16,527,735	94.70	613,339	17,141,074	98.22
2007	19,086,336	18,259,999	95.67		18,259,999	95.67

Sources: Horry County Treasurer and City Finance Department

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

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

UNAUDITED

Schedule 10

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

Fiscal Year	Water				Sewer Gallons Billed	Number of Customers
	Gallons Produced / Purchased ⁽¹⁾	Gallons Billed	Gallons Unbilled	Percentage Billed		
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
2007	5,178,597	3,852,401	1,326,196	74.39	3,003,553	16,778

Source: City Water and Sewer Department

Notes: Gallons are presented in thousands.

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

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

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

UNAUDITED

Total Direct Rate

Water		Sewer	
Base Rate ⁽²⁾	Usage Rate ⁽³⁾	Base Rate ⁽²⁾	Usage Rate ⁽³⁾
\$ 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	9.52	2.38
10.08	2.52	9.52	2.38
2.43	2.56	2.41	2.34

Schedule 11

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

	Fiscal Year			
	1998	1999	2000	2001
Water Rates (Inside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	\$ 7.80	\$ 8.36	\$ 8.36	\$ 8.88
1"	15.60	16.72	16.72	17.76
1 1/2"	29.25	31.35	31.35	33.30
2"	39.00	41.80	41.80	44.40
3"	97.50	104.50	104.50	111.00
4"	195.00	209.00	209.00	222.00
6"	585.00	627.00	627.00	666.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	1.95	2.09	2.09	2.22
5,000 to 30,000 gallons	1.95	2.09	2.09	2.22
31,000 gallons and over	1.95	2.09	2.09	2.22
Water Rates (Outside City Limits)				
Base Rate (<i>meter size</i>)				
3/4" - 5/8"	15.60	16.72	16.72	17.76
1"	31.20	33.44	33.44	35.52
1 1/2"	58.50	62.70	62.70	66.60
2"	78.00	83.60	83.60	88.80
3"	195.00	209.00	209.00	222.00
4"	390.00	418.00	418.00	444.00
6"	1,170.00	1,254.00	1,254.00	1,332.00
Usage Rate (<i>per 1,000 gallons</i>)				
Up to 4,000 gallons	3.90	4.18	4.18	4.44
5,000 to 30,000 gallons	3.90	4.18	4.18	4.44
31,000 gallons and over	3.90	4.18	4.18	4.44
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

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Fiscal Year

	2002	2003	2004	2005	2006	2007
\$	9.24	\$ 9.60	\$ 9.92	\$ 10.08	\$ 10.08	\$ 2.43
	18.48	19.20	19.84	20.16	20.16	4.05
	34.65	36.00	37.20	37.80	37.80	8.10
	46.20	48.00	49.60	50.39	50.39	12.96
	115.50	120.00	124.00	125.98	125.98	28.35
	231.00	240.00	248.00	251.97	251.97	40.50
	693.00	720.00	744.00	755.90	755.90	81.00
	2.31	2.40	2.48	2.52	2.52	1.35
	2.31	2.40	2.48	2.52	2.52	2.56
	2.31	2.40	2.48	2.52	2.52	2.89
	18.48	19.20	19.84	20.16	20.16	4.86
	36.96	38.40	39.68	40.32	40.32	8.10
	69.30	72.00	74.40	75.60	75.60	16.20
	92.40	96.00	99.20	100.80	100.80	25.92
	231.00	240.00	248.00	252.00	252.00	56.70
	462.00	480.00	496.00	504.00	504.00	81.00
	1,386.00	1,440.00	1,488.00	1,512.00	1,512.00	162.00
	4.62	4.80	4.96	5.04	5.04	2.70
	4.62	4.80	4.96	5.04	5.04	5.12
	4.62	4.80	4.96	5.04	5.04	5.78
	8.76	8.96	9.36	9.52	9.52	2.41
	17.52	17.92	18.72	19.02	19.02	4.02
	32.85	33.60	35.10	35.66	35.66	8.03
	43.80	44.80	46.80	47.55	47.55	12.85
	109.50	112.00	117.00	118.87	118.87	28.12
	219.00	224.00	234.00	237.74	237.74	40.17
	657.00	672.00	702.00	713.23	713.23	80.33
	2.19	2.24	2.34	2.38	2.38	2.34
	17.52	17.92	18.72	19.04	19.04	4.82
	35.04	35.84	37.44	38.08	38.08	8.04
	65.70	67.20	70.20	71.40	71.40	16.06
	87.60	89.60	93.60	95.20	95.20	25.70
	219.00	224.00	234.00	238.00	238.00	56.24
	438.00	448.00	468.00	476.00	476.00	80.34
	1,314.00	1,344.00	1,404.00	1,428.00	1,428.00	160.66
	4.38	4.48	4.68	4.76	4.76	4.68

Schedule 12

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

Customer	Fiscal Year 2007			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total	Amount	Percentage of Total
		Water Revenue		Sewer Revenue
Felcor-Hilton	\$ 248,805	2.01 %	\$ 126,281	1.33 %
Myrtle Beach Travel Park	185,777	1.50	166,905	1.75
Captains Quarters	170,683	1.38	35,032	0.38
AVX Corporation	159,548	1.29	122,934	1.32
Sands Properties Homeowners	128,201	1.04	85,985	0.92
Maison Sur Mer	79,888	0.65	57,714	0.62
Grand Strand Regional Medical Center	75,809	0.61	54,428	0.58
Marriot at Grande Dunes	72,723	0.59	64,472	0.69
Apache Family Campground	72,519	0.59	65,625	0.70
Coral Beach Resort Hotel	62,630	0.51	43,564	0.47
	<u>\$ 1,256,583</u>	<u>10.17 %</u>	<u>\$ 822,940</u>	<u>8.76 %</u>

Customer	Fiscal Year 1998			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total	Amount	Percentage of Total
		Water Revenue		Sewer Revenue
City of North Myrtle Beach	\$ 2,155,584	21.33 %	\$	%
Felcor-Hilton	122,070	1.21	127,458	1.58
Wyndham Myrtle Beach Resort	119,340	1.18	134,028	1.66
Myrtle Beach Travel Park	108,810	1.08	122,202	1.52
AVX Corporation	95,510	0.94	124,141	1.54
Grand Strand Regional Medical Center	75,660	0.75	71,525	0.89
Coral Beach Resort Hotel	64,155	0.63	65,542	0.81
Apache Family Campground	63,960	0.63	71,832	0.89
Sands Properties Homeowners	60,879	0.60	67,890	0.84
Maison Sur Mer	53,040	0.52	53,480	0.66
The Palace			40,296	0.50
	<u>\$ 2,919,008</u>	<u>28.87 %</u>	<u>\$ 878,394</u>	<u>10.89 %</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
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
2007	40,795,000	17,600,000	34,870,345	10,499,052	49,660,000	2,897,500	3,334,603

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

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

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<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income ⁽¹⁾</u>	<u>Per Capita ⁽¹⁾</u>
<u>Water and Sewer Revenue Bonds</u>	<u>Certificates of Participation</u>			
\$ 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
	7,205,000	166,861,500	21.41	5,408

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		
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
2007	40,795,000	1,752,836	39,042,164	0.64	1,265

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.

UNAUDITED

Schedule 15

**CITY OF MYRTLE BEACH, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2007**

	<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>159,656,500</u>
Total Direct and Overlapping Governmental Activities Debt			\$ <u><u>246,910,900</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			
	1998	1999	2000	2001
Debt Limit	\$ 15,255,603	\$ 15,472,463	\$ 18,386,698	\$ 18,759,582
Total Net Debt Applicable to Debt Limit	<u>(11,395,000)</u>	<u>(10,550,000)</u>	<u>(14,735,000)</u>	<u>(13,640,000)</u>
Legal Debt Margin	<u>\$ 3,860,603</u>	<u>\$ 4,922,463</u>	<u>\$ 3,651,698</u>	<u>\$ 5,119,582</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>74.69%</u>	<u>68.19%</u>	<u>80.14%</u>	<u>72.71%</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					
2002	2003	2004	2005	2006	2007
\$ 19,262,342	\$ 19,663,652	\$ 20,140,066	\$ 20,004,876	\$ 22,560,818	\$ 24,760,083
<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>(10,750,000)</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>\$ 14,010,083</u>
<u>77.59%</u>	<u>69.14%</u>	<u>61.40%</u>	<u>54.09%</u>	<u>51.88%</u>	<u>43.42%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 306,094,000
Exempt Merchants Inventory (1987 Valuation)	<u>3,407,035</u>
Adjusted Assessed Value of Taxable Property	<u>\$ 309,501,035</u>
Debt Limit (8.0% of Adjusted Assessed Value)	\$ 24,760,083
Debt Applicable to Limit:	
General Obligation Bonds	(40,795,000)
Bonds Issued Under Referendum	<u>30,045,000</u>
Legal Debt Margin	<u>\$ 14,010,083</u>

Schedule 17

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

Fiscal Year	Water and Sewer Revenue Bonds ⁽¹⁾						Coverage
	Operating Revenues	Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2007							

Fiscal Year	Hospitality Fee Revenue Bonds ⁽³⁾				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	
2007	8,348,376	0	2,545,325	3.28	

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 water and sewer revenue bonds.

⁽²⁾ Operating expenses do not include depreciation.

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

⁽⁴⁾ 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	
\$	1,114,181	\$ 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
	2,136,089	1,070,000	887,562	1.09

Storm Water Revenue Bonds ⁽⁴⁾

	Storm Water Fees	Debt Service		Coverage
		Principal	Interest	
\$	\$	\$		
	1,184,488	0	0	N/A
	1,211,924	0	0	N/A
	1,250,928	0	436,924	2.86

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>
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
2006	30,852	779,506	25,266	38.3	5.40

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

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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 2006	
		Employees	Percentage of Total County Employment
Horry County School District	Education	5,120	4.60 %
Wal-Mart	Retail Sales	2,203	1.98
Horry County Government	County Government	1,850	1.66
Burroughs and Chapin	Developer	1,639	1.47
AVX Corporation	Manufacturer	1,500	1.35
Grand Strand Regional Medical Center	Hospital	1,150	1.03
Conway Hospital	Hospital	1,075	0.96
Myrtle Beach National	Golf Courses & Accommodations	1,000	0.90
Blue Cross Blue Shield	Insurance Provider	925	0.83
City of Myrtle Beach	Municipal Government	902	0.81
		<u>17,364</u>	<u>15.59 %</u>

Employer	Type of Business	Calendar Year 1997	
		Employees	Percentage of Total County Employment
Horry County School District	Education	3,042	3.21 %
AVX Corporation	Manufacturer	2,307	2.44
Horry County Government	County Government	1,150	1.21
Conbraco Industries	Manufacturer	926	0.98
Sands Ocean Front Resorts	Accommodations	850	0.90
Conway Hospital	Hospital	850	0.90
Grand Strand Regional Medical Center	Hospital	768	0.81
City of Myrtle Beach	Municipal Government	743	0.78
Loris Community Hospital	Hospital	590	0.62
Kingston Plantation	Accommodations	525	0.55
		<u>11,751</u>	<u>12.40 %</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,			
	1998	1999	2000	2001
Full-Time Equivalent Employees				
General Government	62	62	70	70
Public Safety	297	317	338	353
Transportation	25	26	26	28
Environmental Protection	40	40		
Community and Economic Development	25	25	26	26
Culture and Recreation	107	109	112	114
Public Works	25	25	27	27
Water	53	53	53	53
Sewer	58	58	59	58
Municipal Golf Course	18	18	17	16
Solid Waste Management			35	35
Total Full-Time Equivalent Employees	<u>710</u>	<u>733</u>	<u>763</u>	<u>780</u>

Source: City Finance Department

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

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As of June 30,

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
70	68	70	71	72	76
353	361	362	385	395	400
28	26	26	26	27	25
26	26	26	27	30	29
117	125	127	136	136	134
27	27	27	27	27	27
51	51	52	52	52	31
57	56	56	56	56	32
16	16	15	15	15	14
<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
<u><u>775</u></u>	<u><u>786</u></u>	<u><u>791</u></u>	<u><u>825</u></u>	<u><u>840</u></u>	<u><u>798</u></u>

Schedule 21

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

	Fiscal Year			
	1998	1999	2000	2001
General Government				
New Business Licenses Issued	1,038	920	860	959
Public Safety				
Calls for Services - Police	81,565	75,512	78,730	85,412
Total Arrests	23,024	21,885	24,498	26,360
Fire Calls per Engine Company	264	310	335	433
Transportation				
Square Yards of Sidewalks Replaced	*	600	1,000	1,000
Square Yards of City Streets Resurfaced	127,483	83,301	91,418	85,887
Environmental Protection				
Tons of Refuse Collected	60,530	45,328		
Community and Economic Development				
Building Permits Issued	582	582	1,213	2,301
Culture and Recreation				
Admissions to Recreation Centers	86,840	84,313	94,993	89,261
Exhibition Hall Occupancy Percentage	58%	55%	52%	56%
Number of Library Volumes	82,209	85,471	87,781	97,161
Water				
Average Daily Consumption (<i>thousands of gallons</i>)	12,763	13,668	13,928	13,677
Sewer				
Average Daily Treatment (<i>thousands of gallons</i>)	6,951	8,322	8,623	8,250
Municipal Golf Course				
Number of Rounds Played	50,972	49,720	53,223	45,692
Solid Waste Management				
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 2005, the City's largest recreation center was closed for renovations.

* Information not available.

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Fiscal Year					
2002	2003	2004	2005	2006	2007
995	1,023	1,553	1,626	1,470	1,361
84,964	93,739	97,775	101,488	102,787	117,347
29,052	33,246	33,901	35,529	21,043	23,801
379	348	386	400	339	368
1,000	1,000	1,000	2,000	1,000	750
95,491	68,635	68,432	48,273	32,230	39,860
794	2,759	2,309	3,407	4,525	4,516
93,719	85,796	88,250	41,899 ⁽¹⁾	147,397	180,272
56%	54%	62%	67%	73%	67%
79,190	74,454	72,232	79,440	79,298	77,089
13,925	14,402	13,602	13,742	13,328	10,555
8,087	8,037	9,320	8,690	8,316	8,229
33,115	41,395	36,408	39,025	41,928	46,621
21,080	18,407	17,526	20,179	17,711	29,129

Schedule 22

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

	Fiscal Year			
	1998	1999	2000	2001
Public Safety				
Police Stations	1	1	1	1
Fire Stations	4	5	5	5
Transportation				
Streets (<i>miles</i>)	100	100	100	100
Traffic Signals	42	42	42	45
Environmental Protection				
Transfer Stations	1	1		
Collection Trucks	27	27		
Culture and Recreation				
Parks	36	36	37	37
Park Acreage	50	50	55	55
Recreation Centers	3	3	3	3
Libraries	1	1	1	1
Cemeteries	2	2	2	2
Water				
Water Mains (<i>miles</i>)	311	315	321	321
Sewer				
Gravity Sewers (<i>miles</i>)	181	184	188	188
Storm Sewers (<i>miles</i>)	37	37	37	37
Baseball Stadium				
Baseball Stadiums		1	1	1
Municipal Golf Course				
Number of Championship Holes	18	18	18	18
Solid Waste Management				
Transfer Stations			1	1
Collection Trucks			27	26

Sources: Various City departments

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

UNAUDITED

Fiscal Year						
2002	2003	2004	2005	2006	2007	
2	2	2	2	2	3	
5	5	5	5	6	6	
100	100	102	102	103	126	
51	54	57	60	62	64	
50	51	39	39	39	39	
90	93	383	383	383	383	
3	3	3	3	3	3	
1	1	1	1	1	1	
2	2	2	2	2	2	
331	332	333	336	341	350	
194	195	205	206	206	214	
52	53	57	58	58	65	
1	1	1	1	1	1	
18	18	18	18	18	18	
1	1	1	1	1	1	
26	26	26	26	26	26	

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice:			
Local Law Enforcement Block Grant	16.592	04-LBBX-0329	\$ 18,607
Bulletproof Vest Partnership Grant	16.607	00001903	11,038
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-1214 2006-DJ-BX-0136	955 31,849
Passed Through the State Department of Public Safety: Edward Byrne Memorial Justice Assistance Grant	16.738	1G06049	43,908
Total U.S. Department of Justice			<u>\$ 106,357</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	14.218	B-02-MC-4500100 B-03-MC-4500100 B-06-MC-4500100 B-07-MC-4500100	\$ 25,000 35,000 2,724 180,768
Total U.S. Department of Housing and Urban Development			<u>\$ 243,492</u>
U.S. Environmental Protection Agency:			
Passed Through the State Department of Health and Environmental Control: Beach Monitoring and Notification Program Implementation Grant	66.472	EQ-6-883 EQ-7-1175	\$ 9,650 7,422
Passed Through the State Budget and Control Board: Capitalization Grants for Clean Water State Revolving Funds	66.458	1-099-05-494-06	620,987
Total U.S. Environmental Protection Agency			<u>\$ 638,059</u>
U.S. Department of Agriculture:			
Passed Through the State Forestry Commission: Cooperative Forestry Assistance Grant	10.664	2005U12 2006U13	\$ 1,326 4,471
Total U.S. Department of Agriculture			<u>\$ 5,797</u>

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

<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	\$ 27,286
Passed Through the State Emergency Management Division:			
Disaster Grant	97.036	805 PW613	6,209
			<u>62,342</u>
Total U.S. Department of Homeland Security			<u>\$ 95,837</u>
U.S. Department of Transportation:			
Passed Through the State Department of Transportation:			
Recreational Trails Grant	20.219	26H22MP05001	\$ 2,448
Highway Planning and Construction Grant	20.205	URYC(005) DOT6(006) 26QZZDOT5003 26Q22MP06018	6,119 15,689 19,165 16,850
Passed Through the State Department of Public Safety:			
State and Community Highway Safety Grant	20.600	2JC07015	10,760
Total U.S. Department of Transportation			<u>\$ 71,031</u>
U.S. Small Business Administration:			
Congressional Mandated Award	59.000	SBAHQ-05-I-0088	<u>\$ 38,558</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,199,131</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, 2007, which collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements and have issued our report thereon dated November 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliable in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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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*.

We noted certain matters that we reported to management of the City of Myrtle Beach, South Carolina in a separate letter dated November 30, 2007.

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



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

Myrtle Beach, South Carolina
November 30, 2007



**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 its major federal program for the year ended June 30, 2007. The City of Myrtle Beach, South Carolina's major federal program is 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 its major federal program 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 its major federal program for the year ended June 30, 2007.

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 the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Myrtle Beach, South Carolina's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing

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an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Myrtle Beach, South Carolina's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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



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

Myrtle Beach, South Carolina
November 30, 2007

CITY OF MYRTLE BEACH, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Myrtle Beach, South Carolina.
2. No significant deficiencies in internal control were disclosed during the audit of the basic financial statements of the City of Myrtle Beach, South Carolina.
3. No instances of noncompliance material to the basic financial statements of the City of Myrtle Beach, South Carolina were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program 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 program of the City of Myrtle Beach, South Carolina expresses an unqualified opinion on the major federal program.
6. There are no audit findings for the major program, which are required to be reported.
7. The program tested as a major program was:

U.S. Environmental Protection Agency, Capitalization Grants for Clean Water State Revolving
Funds - CFDA No. 66.458
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.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Program Audit

None



First In Service

CITY OF MYRTLE BEACH SOUTH CAROLINA
Comprehensive Annual Financial Report
Fiscal Year Ended • June 30, 2007