

# CITY OF MYRTLE BEACH SOUTH CAROLINA



Comprehensive Annual  
Financial Report  
Fiscal Year Ended  
June 30, 2010



**First In Service**

**CITY of MYRTLE BEACH,  
SOUTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2010**

**CITY COUNCIL**

**MAYOR JOHN RHODES**

**MICHAEL CHESTNUT**

**PHILIP RENDER**

**RANDAL WALLACE**

**MIKE LOWDER**

**WAYNE GRAY**

**SUSAN MEANS**

**CITY OFFICIALS**

**THOMAS E. LEATH**  
*CITY MANAGER*

**MARIA E. BAISDEN**  
*DIRECTOR OF FINANCE*

# **INTRODUCTORY**

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Year Ended June 30, 2010**

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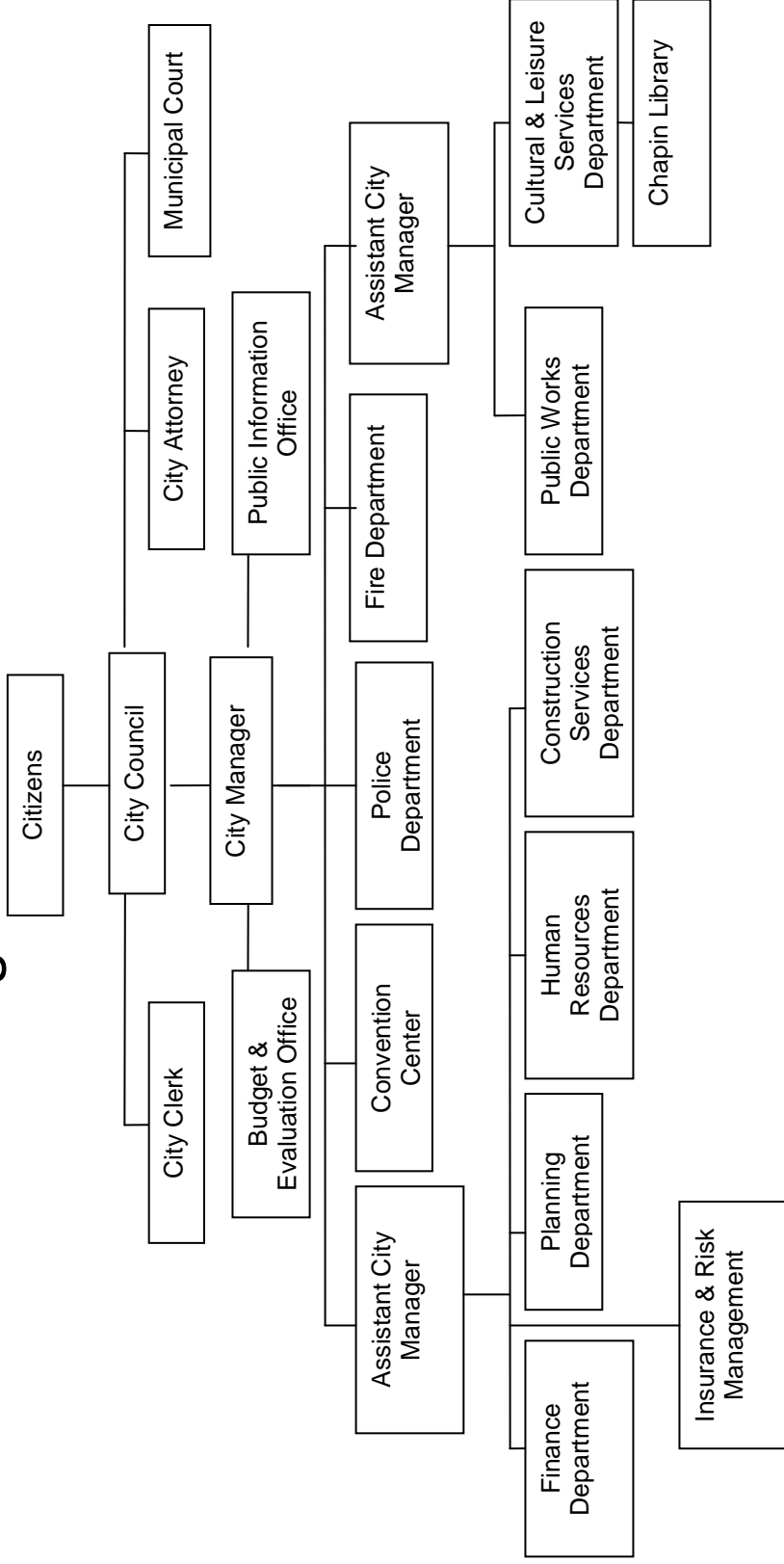
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# City of Myrtle Beach

## Organizational Chart





## City of Myrtle Beach SOUTH CAROLINA

OFFICE OF THE FINANCE DIRECTOR

November 24, 2010

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, 2010, 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

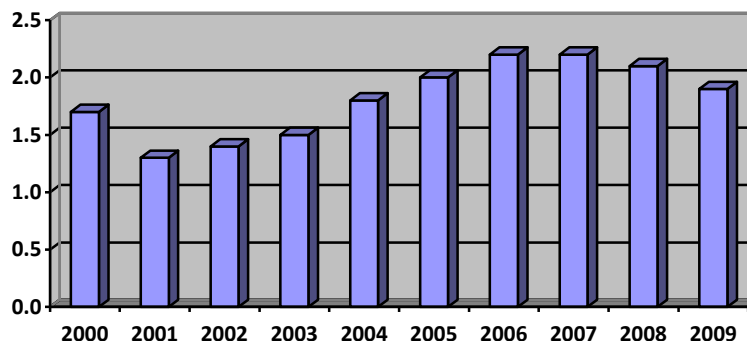
**Government:** The Myrtle Beach government is organized according to the Council-Manager form of government. The Mayor and City Council constitute the governing body of the City and formulate policy for the administration of the City. The six members of the City Council are elected on an at-large basis 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 \$1.9 billion last year, a decrease of 7.8% over the previous year.

**Myrtle Beach Retail Sales, 2000-09 (\$ billions)**

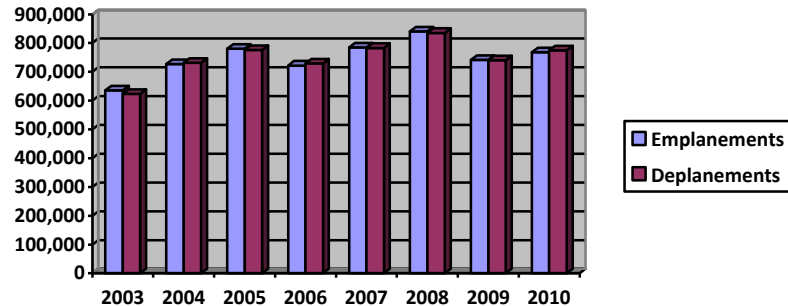


Accommodations taxes collected by the State from the accommodations and tourism industry within the City of Myrtle Beach for the fiscal year ended June 30, 2010 was \$7,061,742 of which \$6,407,148 was allocated back to the City of Myrtle Beach for tourism related expenditures.

The unemployment rate for calendar year 2009 was 9.6% compared to 5.8% in calendar year 2008.

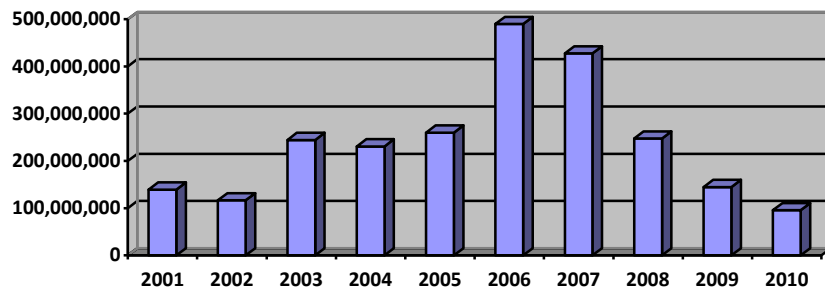
The number of passengers traveling through the Myrtle Beach International Airport increased 4.2%. Total passengers traveling through the airport were 1,543,120 for fiscal year 2010 compared with 1,481,648 in fiscal year 2009.

**Passengers Handled - Myrtle Beach International Airport, 2003-June 2010**



Figures for the year ended June 30, 2010, indicate that buildings permitted by the City totaled \$95,736,514.

**Construction Permitted Inside Corporate Limit, 2001-10**



**MAJOR INITIATIVES FOR THE YEAR**

The City adopted a 1.0% tourism development fee, effectively reducing property taxes for all owner occupied residents and significantly increased funds available for out-of-market advertising and tourism related infrastructure.

The City completed a 1.2 mile landscaped oceanfront boardwalk and promenade connecting to existing piers and providing pedestrian access to commercial, entertainment and accommodations businesses in the downtown area. The project, along with landscaping, underground utility conversion and roadway realignment projects in the area of 1<sup>st</sup> Avenue North to Withers Swash, was funded by \$10,065,000 in limited obligation bonds (secured by taxes collected in the redevelopment area tax increment district).

The City completed several projects at Grand Park, on the former Myrtle Beach Air Force Base. The \$6,610,000 recreation facility includes three ball fields, one baseball field control tower, storage buildings, dugouts and restroom facilities. The project was funded primarily by a contribution from the Myrtle Beach Air Force Base Redevelopment Authority.

In an effort to promote wellness and reduce health costs, the City opened a health and wellness center for employees, retirees under 65 and the covered dependents. The center provides a full range of primary care/family practice medical services. The office visits and in stock prescription medications are provided at no charge to the employees, retirees and dependents. The center is funded by health insurance premiums paid by the City and employees.

The City began work on the replacement of the police computer assisted dispatch system at a cost of \$1,136,624, which was funded by a capital lease and a grant.

## **FOR THE FUTURE**

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

- Completion of the replacement of the police computer assisted dispatch system.
- Replacement of the Law Enforcement Center roof.
- Renovation and addition to the police and evidence room in order to alleviate current crowding of evidentiary material and to accommodate future growth.
- Renovation of the former Myrtle Beach Rescue Squad building to provide additional bulk storage space and house the Waterfront/Special Operations, Bike Patrol and Patrol Shift Operations units.
- Canal Street Recreation Center gymnasium roof and pool deck replacement.
- Pepper Geddings Recreation Center play courts and pool deck addition and replacement.
- Continued landscaping and stormwater, underground utility conversion and roadway realignment projects in the area of 1<sup>st</sup> Avenue North to Withers Swash in the Downtown Redevelopment Area.
- Continued construction of the Grand Park ball field facilities.
- Continued installation of underground utilities.
- Continued neighborhood enhancements including sidewalk, curb and guttering, infrastructure restoration and signage.
- Continued stormwater infrastructure improvements which address stormwater flood control system maintenance and construction, ocean outfall projects and drainage maintenance improvements.
- Continued improvements to construction, replacement and extension of the water delivery system. Also, continued construction and replacement of the sewer system infrastructure and pump station upgrades.

## **INTERNAL CONTROL STRUCTURE**

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

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

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including those controls related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2010 are contained in the Single Audit Section.

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

## OTHER INFORMATION

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

**Awards:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Myrtle Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. 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,



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, 2009

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



President

Executive Director

**FINANCIAL**



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SAPP**

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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, 2010, which collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Myrtle Beach, South Carolina's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Myrtle Beach, South Carolina, as of June 30, 2010, 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 24, 2010, on our consideration of the City of Myrtle Beach, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to disclose the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 68 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

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

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

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

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



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

Myrtle Beach, South Carolina  
November 24, 2010



**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2010**

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, 2010. 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 \$237,763,753 (net assets).
- The City's total net assets increased by \$9,529,344. This is the result of an increase in net assets of our governmental-type activities of \$9,892,809, or 10.6%, and a decrease in net assets of our business-type activities of \$363,465, or 0.3%.
- The City's total revenues amounted to \$144,513,625 during the year ended June 30, 2010. Revenues of governmental activities totaled \$113,378,111, an increase of 26.4%, and revenues of business-type activities were \$31,135,514, a decrease of 0.3%.
- During the year ended June 30, 2010, the City's total expenses amounted to \$134,984,281. Expenses of governmental activities totaled \$103,433,602, an increase of 19.1%, and expenses of business-type activities were \$31,550,679, a 1.3% decrease.
- At June 30, 2010, the City's governmental funds reported combined fund balances of \$38,997,765, a decrease of \$1,010,788 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 \$17,951,758, or 8.6%, for governmental activities and an increase of \$4,482,095, or 3.5%, for business-type activities.
- At year-end, the City had \$195,273,209 in outstanding bonds payable, note payable and capital lease obligations compared to \$188,168,899 last year, an increase of 3.8%.

**Using This Annual Report**

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

***Reporting the City as a Whole***

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

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

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

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

### ***Reporting the City's Most Significant Funds***

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

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

### ***The City as an Agent***

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

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 39.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information beginning on page 68. Combining and individual fund statements and schedules and other supplementary information can be found on pages 74 - 105.

**The City as a Whole**

Condensed statements of net assets at June 30, 2010 and 2009 are shown below.

**THE CITY'S NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 77,612,316	\$ 70,935,518	\$ 24,847,871	\$ 30,615,345	\$ 102,460,187	\$ 101,550,863
Capital Assets (Net)	<u>226,805,191</u>	<u>208,853,433</u>	<u>131,470,442</u>	<u>126,988,347</u>	<u>358,275,633</u>	<u>335,841,780</u>
Total Assets	<u>\$ 304,417,507</u>	<u>\$ 279,788,951</u>	<u>\$ 156,318,313</u>	<u>\$ 157,603,692</u>	<u>\$ 460,735,820</u>	<u>\$ 437,392,643</u>
Long-Term Liabilities	\$ 176,516,055	\$ 169,408,970	\$ 16,607,907	\$ 17,607,384	\$ 193,123,962	\$ 187,016,354
Other Liabilities	<u>24,252,456</u>	<u>16,623,794</u>	<u>5,595,649</u>	<u>5,518,086</u>	<u>29,848,105</u>	<u>22,141,880</u>
Total Liabilities	<u>\$ 200,768,511</u>	<u>\$ 186,032,764</u>	<u>\$ 22,203,556</u>	<u>\$ 23,125,470</u>	<u>\$ 222,972,067</u>	<u>\$ 209,158,234</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	\$ 100,633,044	\$ 89,378,581	\$ 120,443,730	\$ 115,610,693	\$ 221,076,774	\$ 204,989,274
Restricted	14,971,016	15,082,475	736,834	718,588	15,707,850	15,801,063
Unrestricted	<u>(11,955,064)</u>	<u>(10,704,869)</u>	<u>12,934,193</u>	<u>18,148,941</u>	<u>979,129</u>	<u>7,444,072</u>
Total Net Assets	<u>\$ 103,648,996</u>	<u>\$ 93,756,187</u>	<u>\$ 134,114,757</u>	<u>\$ 134,478,222</u>	<u>\$ 237,763,753</u>	<u>\$ 228,234,409</u>

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, 2010 were \$237,763,753, an increase of \$9,529,344, or 4.2%, from a year ago.

The largest portion of the City's net assets, \$221,076,774 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, \$15,707,850, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets in the amount of \$979,129 may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in the City's net assets during the years ended June 30, 2010 and 2009 follows.

**THE CITY'S CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 13,808,024	\$ 14,641,045	\$ 26,171,502	\$ 26,431,642	\$ 39,979,526	\$ 41,072,687
Operating Grants and Contributions	1,578,798	1,282,644		39,786	1,578,798	1,322,430
Capital Grants and Contributions	17,293,904	4,468,548	4,786,961	4,448,534	22,080,865	8,917,082
General Revenues:						
Property Taxes	27,607,156	29,172,569			27,607,156	29,172,569
Local Accommodations Taxes	1,827,916	1,818,175			1,827,916	1,818,175
Business License Taxes	17,149,465	18,016,823			17,149,465	18,016,823
Franchise Taxes	3,422,821	3,394,445			3,422,821	3,394,445
Hospitality Fee Taxes	8,275,596	8,226,153			8,275,596	8,226,153
Local Option Tourism Taxes	14,195,983				14,195,983	
Grants and Contributions not Restricted to Specific Programs	7,904,766	8,232,659			7,904,766	8,232,659
Investment Earnings	313,682	478,649	177,051	304,856	490,733	783,505
Total Revenues	<u>\$ 113,378,111</u>	<u>\$ 89,731,710</u>	<u>\$ 31,135,514</u>	<u>\$ 31,224,818</u>	<u>\$ 144,513,625</u>	<u>\$ 120,956,528</u>
Expenses:						
General Government	\$ 12,243,661	\$ 12,392,348	\$	\$	\$ 12,243,661	\$ 12,392,348
Public Safety	33,225,681	30,868,253			33,225,681	30,868,253
Transportation	8,055,196	7,056,526			8,055,196	7,056,526
Community and Economic Development	21,708,312	9,303,043			21,708,312	9,303,043
Culture and Recreation	17,593,171	16,791,874			17,593,171	16,791,874
Public Works	1,568,038	1,542,924			1,568,038	1,542,924
Interest and Fiscal Charges	9,039,543	8,905,688			9,039,543	8,905,688
Water			12,376,562	12,217,805	12,376,562	12,217,805
Sewer			12,434,859	13,285,343	12,434,859	13,285,343
Baseball Stadium			761,567	904,874	761,567	904,874
Municipal Golf Course			1,885,640	1,954,651	1,885,640	1,954,651
Solid Waste Management			4,092,051	3,598,647	4,092,051	3,598,647
Total Expenses	<u>\$ 103,433,602</u>	<u>\$ 86,860,656</u>	<u>\$ 31,550,679</u>	<u>\$ 31,961,320</u>	<u>\$ 134,984,281</u>	<u>\$ 118,821,976</u>
Increase (Decrease) in Net Assets Before Transfers	\$ 9,944,509	\$ 2,871,054	\$ (415,165)	\$ (736,502)	\$ 9,529,344	\$ 2,134,552
Transfers	<u>(51,700)</u>	<u>(155,400)</u>	<u>51,700</u>	<u>155,400</u>		
Increase (Decrease) in Net Assets	\$ 9,892,809	\$ 2,715,654	\$ (363,465)	\$ (581,102)	\$ 9,529,344	\$ 2,134,552
Net Assets - Beginning	<u>93,756,187</u>	<u>91,040,533</u>	<u>134,478,222</u>	<u>135,059,324</u>	<u>228,234,409</u>	<u>226,099,857</u>
Net Assets - Ending	<u>\$ 103,648,996</u>	<u>\$ 93,756,187</u>	<u>\$ 134,114,757</u>	<u>\$ 134,478,222</u>	<u>\$ 237,763,753</u>	<u>\$ 228,234,409</u>

The City's total revenues amounted to \$144,513,625 for the year ended June 30, 2010. This is an increase of \$23,557,097, or 19.5%. There were increases in operating grants and contributions, capital grants and contributions, local accommodations taxes, franchise taxes, hospitality fee taxes, and local option tourism taxes. The largest increase was in the new local option tourism taxes, which increased by \$14,195,983, or 100.0%. The next largest increase was in capital grants and contributions, which increased by \$13,163,783, or 147.6%, primarily due to a capital contribution of \$6,257,020 from the Myrtle Beach Air Force Base Redevelopment Authority and \$4,607,988 in roadway capital contributions. The largest decrease was in property taxes, which decreased by \$1,565,413, or 5.4%, primarily due to the expiration of the center city redevelopment area tax increment district established in fiscal year 1995. Property taxes collected above the total initial equalized assessed value of the redevelopment area were pledged to bonds and were collected by the City for a period of fifteen years. Another large decrease was in business license taxes, which decreased by \$867,358, or 4.8%, primarily due to decreases in the insurance and construction business classifications.

The total cost of all programs and services was \$134,984,281 (increasing by \$16,162,305, or 13.6%). The largest increase was experienced in the community and economic development category in the amount of \$12,405,269, or 133.4%. The largest contributing factor to this increase was expenditures related to the new local option tourism taxes. All of the taxes received were contributed to the Myrtle Beach Area Chamber of Commerce to be used to promote tourism. The next largest increase was in public safety with an increase of \$2,357,428, or 7.6%. Increases in personnel costs in both the police and fire departments and depreciation contributed to this increase. Transportation was the third largest increase totaling \$998,670, or 14.2%. The largest contributing factor to this increase was amounts paid to Santee Cooper for street lighting.

### ***Governmental Activities***

The City's net assets from governmental activities increased \$9,892,809. 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, decreased from \$(10,704,869) at June 30, 2009 to \$(11,955,064) 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 26.4% (\$23,646,401) and total expenses increased 19.1% (\$16,572,946).

The cost of all governmental activities this year was \$103,433,602. However, as shown in the statement of activities beginning on page 14, the amount that our taxpayers ultimately financed for these activities was only \$70,752,876 because some of the cost was paid by those who directly benefited from the programs (\$13,808,024) or by other governments and organizations that subsidized certain programs with grants and contributions (\$18,872,702). Overall, the City's governmental program revenues were \$32,680,726. 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 \$80,697,385.

### ***Business-Type Activities***

The City's net assets from business-type activities decreased \$363,465, or 0.3%.

The City's programs for business-type activities include water and sewer, baseball stadium, municipal golf course and solid waste management activities. Revenues of the City's business-type activities decreased by 0.3% (\$89,304) and expenses decreased by 1.3% (\$410,641).

The cost of all business-type activities this year was \$31,550,679. As shown in the statement of activities that starts on page 14, the amounts paid by users of the activities were \$26,171,502 and grants and contributions totaled \$4,786,961. Investment earnings were \$177,051.

## **The City's Funds**

### ***Governmental Funds***

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

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$38,997,765, a decrease of \$1,010,788 in comparison with the prior year. Of this amount, \$20,452,048, or 52.4%, 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 \$7,477,418, while total fund balance amounted to \$7,965,483. 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 12.7% of total expenditures, while total fund balance represents 13.5% of that same amount. The General Fund's total fund balance decreased by \$2,624,469 during the current fiscal year. This decrease resulted from decreased collections in business license taxes (\$836,208 decrease from fiscal year 2009), lease revenue (\$399,470 decrease from fiscal year 2009) and property taxes (\$384,799 decrease from fiscal year 2009). These decreases can be directly attributable to the decline in spending and construction.

The Convention Center Fund has a total fund balance of \$(808,736), a decrease of \$577,149 from the prior year. The major portion of this decrease was due to an increase in transfers out (\$1,107,350 increase from the prior year).

The Hospitality Fee Fund has a total fund balance of \$455,920, an increase of \$2,363,870 from the prior year. The major portion of this increase was due to increases in transfers in from other funds and a decrease in transfers out to other funds.

The Local Option Tourism Fee Fund has a total fund balance of \$0 at June 30, 2010.

The Debt Service Fund has a total fund balance of \$2,093,066, an increase of \$1,208,902 from the prior year. The major portion of this increase was due to decreased debt service payments as well as increases in transfers in from other funds.

The Capital Improvements Fund's total fund balance decreased by \$3,417,812 to \$16,483,151 at June 30, 2010. Of this total, \$3,149,397 is reserved for tourism related expenditures, \$554,738 is reserved for projects and \$199,283 for other restricted purposes. City Council has designated \$1,013,242 of unreserved fund balance for disaster recovery. The majority of the decrease in fund balance is due to decreases in transfers in from other funds and increases in transfers out to other funds.

### ***Proprietary Funds***

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$14,102,403. Total net assets decreased \$118,319 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 \$(1,025,324), \$(839,355) and \$(613,856), respectively. The increase in net assets in the Baseball Stadium Fund was \$182,431. The decrease in net assets in the Municipal Golf Course Fund and the Solid Waste Management Fund was \$777,833 and \$66,630, respectively. The decrease in the Municipal Golf Course Fund was due to a decline in revenue for golfing activities. The decrease in the Solid Waste Management Fund was due to an increase in operating expenses and decreases in nonoperating revenues and transfers in from other funds.

### ***General Fund Budgetary Highlights***

The original budget was amended during the year. The resources available for appropriation were \$2,851,848 below the final budgeted amounts. This decrease was primarily the result of a business license revenue shortfall of \$2,145,735 and a property tax shortfall of \$762,021. The actual charges to appropriations (expenditures) were \$968,360 below the final budgeted amounts. This was the result of the City's departments actual expenditures falling below the final budget by \$126,708 and a subsequent change by City Council resulting in the reversal of budgeted transfers out.

Budget to actual comparisons for the General Fund can be found on page 68.

**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, 2010 amounted to \$358,275,633 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 \$17,951,758, or 8.6%, for governmental activities and an increase of \$4,482,095, or 3.5%, for business-type activities. The increase for governmental activities was primarily due to a construction project on the former air force base. The increase for business-type activities was primarily due to developer contributions to the distribution systems.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 28,546,743	\$ 28,546,743	\$ 18,685,751	\$ 18,685,751	\$ 47,232,494	\$ 47,232,494
Land Improvements	30,436,404	12,296,052	5,751,276	6,033,723	36,187,680	18,329,775
Buildings and Improvements	51,297,838	53,406,319	5,509,126	5,817,846	56,806,964	59,224,165
Distribution Systems			100,676,483	94,278,124	100,676,483	94,278,124
Furniture, Vehicles and Equipment	12,853,015	14,010,786	277,275	377,932	13,130,290	14,388,718
Infrastructure	101,560,958	94,970,375			101,560,958	94,970,375
Construction-in-Progress	<u>2,110,233</u>	<u>5,623,158</u>	<u>570,531</u>	<u>1,794,971</u>	<u>2,680,764</u>	<u>7,418,129</u>
	<u>\$ 226,805,191</u>	<u>\$ 208,853,433</u>	<u>\$ 131,470,442</u>	<u>\$ 126,988,347</u>	<u>\$ 358,275,633</u>	<u>\$ 335,841,780</u>

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

***Debt***

At year-end, the City had \$195,273,209 in outstanding bonds payable, note payable and capital lease obligations compared to \$188,168,899 last year, an increase of 3.8%.

**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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General Obligation Bonds	\$ 45,780,000	\$ 48,135,000	\$	\$	\$ 45,780,000	\$ 48,135,000
Revenue Bonds			11,710,000	11,710,000	11,710,000	11,710,000
Certificates of Participation	12,840,000	15,210,000	5,760,000	6,265,000	18,600,000	21,475,000
Tax Incremental Revenue Bonds	50,434,821	39,584,836			50,434,821	39,584,836
Storm Water Revenue Bonds	12,053,225	9,727,881			12,053,225	9,727,881
Hospitality Fee Revenue Bonds	49,660,000	49,660,000			49,660,000	49,660,000
Note Payable	1,947,500	2,897,500			1,947,500	2,897,500
Capital Lease Obligations	<u>5,087,663</u>	<u>4,978,682</u>			<u>5,087,663</u>	<u>4,978,682</u>
	<u>\$ 177,803,209</u>	<u>\$ 170,193,899</u>	<u>\$ 17,470,000</u>	<u>\$ 17,975,000</u>	<u>\$ 195,273,209</u>	<u>\$ 188,168,899</u>

The City maintains credit ratings of AA, Aa2 for general obligation bonded debt. Under current state statutes, the City's general obligation debt issuances are subject to a legal limitation base of 8.0% of total assessed value. General obligation debt issued pursuant to referendum is not subject to the limitation. As of June 30, 2010, the amount of new debt, which could be issued without referendum, was \$17,856,483.

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

### **Economic Factors and Next Year's Budgets and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal year 2011 budget, tax rates and fees that will be charged for the business-type activities. Some of those factors are the economy, the population growth rate and inflation rates. The City has suffered the loss of significant amounts of operating revenues over the past few years. This was expected with regards to business license taxes, hospitality fee taxes and accommodations taxes. The City has also seen the erosion of property tax revenue as housing values have fallen. Business license taxes and building permits have been disrupted by the slowing of construction and reduction of insurance revenue.

These indicators were taken into account when adopting the General Fund budget for fiscal year 2011. The millage rate for ad valorem taxes is 66.1 mills. The new rate includes 55.0 mills for the General Fund, 3.5 mills for the Convention Center Fund and 7.6 mills for the Debt Service Fund. The debt service millage will only be billed for properties that are used as primary residences. The credit for operating millage for these properties will be offset by transfers from collections of the 1.0% tourism development fee occurring on August 1, 2010 and thereafter. Amounts available for appropriation in the General Fund budget for fiscal year 2011 are \$57,875,515, a decrease of 2.3% from the fiscal year 2010 budget of \$59,233,234. In order to accommodate this reduction, the 2011 budget includes a discontinued merit program for fiscal year 2011, reduction of library and base recreation center hours of operation, reduced frequency of landscaping and grounds maintenance services and reduction in overtime and temporary services. There were increases in nonresident library card fees. New strength in the hospitality industry for the remainder of 2010 may be a precursor of moderate new growth in business license taxes, hospitality fee taxes and accommodations taxes. These reductions, increases and the normal rates of savings in departmental budgets during the year should allow the budgetary General Fund balance to remain intact by the close of 2011.

As for the City's business-type activities, there were increases in solid waste management fees and charges. Standard residential services increased a combined 5.8%, commercial services increased a combined 5.7% and transfer station fees increased 4.5%.

### **Contacting the City's Financial Management**

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



## **BASIC FINANCIAL STATEMENTS**

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Temporary Investments	\$ 24,754,243	\$ 12,346,692	\$ 37,100,935
Receivables (Net)	15,999,795	2,599,148	18,598,943
Due From Component Unit	17,440,581		17,440,581
Internal Balances	(1,253,829)	1,253,829	
Inventories	237,697	938,230	1,175,927
Prepaid Assets	16,154	500	16,654
Restricted Cash and Temporary Investments	16,475,033	7,334,027	23,809,060
Land and Construction in Progress	30,656,976	19,256,282	49,913,258
Other Capital Assets (Net)	196,148,215	112,214,160	308,362,375
Deferred Bond Issuance Costs (Net)	3,942,642	375,445	4,318,087
Total Assets	<u>\$ 304,417,507</u>	<u>\$ 156,318,313</u>	<u>\$ 460,735,820</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 13,538,790	\$ 2,542,738	\$ 16,081,528
Due to Primary Government			
Unearned Revenue	312,324	171,760	484,084
Liabilities Payable From Restricted Assets	893,635	2,881,151	3,774,786
Noncurrent Liabilities:			
Due Within One Year	9,507,707		9,507,707
Due in More Than One Year	176,516,055	16,607,907	193,123,962
Total Liabilities	<u>\$ 200,768,511</u>	<u>\$ 22,203,556</u>	<u>\$ 222,972,067</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$ 100,633,044	\$ 120,443,730	\$ 221,076,774
Restricted for:			
Tourism Promotion and Support	3,924,130		3,924,130
Community Development	6,034,878		6,034,878
Capital Projects	1,681,921		1,681,921
Debt Service	2,949,785	526,834	3,476,619
Other	380,302	210,000	590,302
Unrestricted	(11,955,064)	12,934,193	979,129
Total Net Assets	<u>\$ 103,648,996</u>	<u>\$ 134,114,757</u>	<u>\$ 237,763,753</u>

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

Component Units

MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ 954,289	\$ 2,172,454
291	672,567
	62,065
	359,575
	4,057,212
106,375	36,785,101
106,375	990,522
\$ 1,060,955	\$ 45,099,496
\$ 1,060,955	\$ 45,099,496
\$ 231,745	\$ 975,738
37,799	17,440,581
	205,732
	681,740
8,134	50,000
5,200	21,483,752
5,200	21,483,752
\$ 282,878	\$ 40,837,543
\$ 282,878	\$ 40,837,543
\$ 106,375	\$ 16,141,349
	2,763,375
	1,022,097
671,702	(15,664,868)
671,702	(15,664,868)
\$ 778,077	\$ 4,261,953
\$ 778,077	\$ 4,261,953

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2010**

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 12,243,661	\$ 2,428,261	\$	\$
Public Safety	33,225,681	2,533,875	852,149	238,477
Transportation	8,055,196	1,565,710	57,200	6,649,087
Community and Economic Development	21,708,312	838,055	426,249	9,455,094
Culture and Recreation	17,593,171	6,442,123	243,200	951,246
Public Works	1,568,038			
Interest and Fiscal Charges	9,039,543			
Total Governmental Activities	<u>\$ 103,433,602</u>	<u>\$ 13,808,024</u>	<u>\$ 1,578,798</u>	<u>\$ 17,293,904</u>
Business-Type Activities:				
Water	\$ 12,376,562	\$ 11,955,128	\$	\$ 2,699,330
Sewer	12,434,859	9,392,479		2,087,631
Baseball Stadium	761,567	30,056		
Municipal Golf Course	1,885,640	1,078,862		
Solid Waste Management	4,092,051	3,714,977		
Total Business Type Activities	<u>\$ 31,550,679</u>	<u>\$ 26,171,502</u>	<u>\$</u>	<u>\$ 4,786,961</u>
Total Primary Government	<u>\$ 134,984,281</u>	<u>\$ 39,979,526</u>	<u>\$ 1,578,798</u>	<u>\$ 22,080,865</u>
<b>Component Units:</b>				
MB Downtown Redevelopment Corporation	\$ 1,566,597	\$ 1,430,848	\$	\$
MB Convention Center Hotel Corporation	15,201,221	11,680,835		
Total Component Units	<u>\$ 16,767,818</u>	<u>\$ 13,111,683</u>	<u>\$</u>	<u>\$</u>

## General Revenues:

Property Taxes  
Local Accommodations Taxes  
Business License Taxes  
Franchise Taxes  
Hospitality Fee Taxes  
Local Option Tourism Taxes  
Grants and Contributions not Restricted to Specific Programs  
Investment Earnings  
Transfers  
Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	MB Downtown Redevelopment Corporation	MB Convention Center Hotel Corporation
\$ (9,815,400)	\$	\$ (9,815,400)		
(29,601,180)		(29,601,180)		
216,801		216,801		
(10,988,914)		(10,988,914)		
(9,956,602)		(9,956,602)		
(1,568,038)		(1,568,038)		
(9,039,543)		(9,039,543)		
<u>\$ (70,752,876)</u>	<u>\$</u>	<u>\$ (70,752,876)</u>		
\$	\$ 2,277,896	\$ 2,277,896		
	(954,749)	(954,749)		
	(731,511)	(731,511)		
	(806,778)	(806,778)		
	(377,074)	(377,074)		
<u>\$</u>	<u>\$ (592,216)</u>	<u>\$ (592,216)</u>		
<u>\$ (70,752,876)</u>	<u>\$ (592,216)</u>	<u>\$ (71,345,092)</u>		
			\$ (135,749)	\$
				<u>(3,520,386)</u>
			<u>\$ (135,749)</u>	<u>\$ (3,520,386)</u>
\$ 27,607,156	\$	\$ 27,607,156	\$	\$
1,827,916		1,827,916		
17,149,465		17,149,465		
3,422,821		3,422,821		
8,275,596		8,275,596		
14,195,983		14,195,983		
7,904,766		7,904,766		
313,682	177,051	490,733	8,960	98,844
(51,700)	51,700			
<u>\$ 80,645,685</u>	<u>\$ 228,751</u>	<u>\$ 80,874,436</u>	<u>\$ 8,960</u>	<u>\$ 98,844</u>
\$ 9,892,809	\$ (363,465)	\$ 9,529,344	\$ (126,789)	\$ (3,421,542)
<u>93,756,187</u>	<u>134,478,222</u>	<u>228,234,409</u>	<u>904,866</u>	<u>7,683,495</u>
<u>\$ 103,648,996</u>	<u>\$ 134,114,757</u>	<u>\$ 237,763,753</u>	<u>\$ 778,077</u>	<u>\$ 4,261,953</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2010**

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Hospitality Fee Fund</u>	<u>Local Option Tourism Fee Fund</u>
<b>ASSETS</b>				
Cash and Temporary Investments	\$ 1,401,155	\$	\$	\$
Receivables (Net):				
Property Taxes	1,118,269			
Local Accommodations Taxes				
Hospitality Fees			1,293,290	
Storm Water Fees				
Accounts	2,393,752	95,353		
Intergovernmental	584,143	2,305		4,883,067
Loans				
Due From Other Funds	6,031,824			
Due From Component Unit	102,692	17,132,813	205,076	
Inventories	121,150			
Prepaid Assets	12,858	3,296		
Advance to Other Fund				
Restricted Cash and Temporary Investments	<u>1,249,272</u>			
Total Assets	<u>\$ 13,015,115</u>	<u>\$ 17,233,767</u>	<u>\$ 1,498,366</u>	<u>\$ 4,883,067</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 2,701,464	\$ 199,243	\$ 1,189	\$ 4,883,067
Due to Other Fund		484,115	1,030,444	
Payable From Restricted Assets:				
Court Bonds	630,459			
Refundable Deposits	160,289			
Other	102,887			
Deferred Revenue	<u>1,454,533</u>	<u>17,359,145</u>	<u>10,813</u>	
Total Liabilities	<u>\$ 5,049,632</u>	<u>\$ 18,042,503</u>	<u>\$ 1,042,446</u>	<u>\$ 4,883,067</u>

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

	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
	\$ 2,093,066	\$ 11,609,327	\$ 1,402,046	\$ 16,505,594
			184,556	1,302,825
			324,288	324,288
				1,293,290
			38,563	38,563
		857,242	151,527	3,497,874
		794,198	2,485,719	8,749,432
			722,066	722,066
				6,031,824
				17,440,581
				121,150
				16,154
		56,496		56,496
		3,889,955	11,335,806	16,475,033
	<u>\$ 2,093,066</u>	<u>\$ 17,207,218</u>	<u>\$ 16,644,571</u>	<u>\$ 72,575,170</u>
		\$ 681,034	\$ 1,175,728	\$ 9,641,725
			2,475,800	3,990,359
				630,459
				160,289
				102,887
		43,033	184,162	19,051,686
	<u>\$</u>	<u>\$ 724,067</u>	<u>\$ 3,835,690</u>	<u>\$ 33,577,405</u>

A-3 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010**

	General Fund	Convention Center Fund	Hospitality Fee Fund	Local Option Tourism Fee Fund
<b>LIABILITIES AND FUND BALANCES (continued)</b>				
Fund Balances (Deficit):				
Reserved for:				
Long-Term Receivable	\$	\$	\$	\$
Inventories	121,150			
Prepaid Assets	12,858	3,296		
Advance to Other Fund				
Narcotics Law Enforcement	249,437			
Library	104,620			
PUD Improvements				
Tourism				
Bond Projects				
Certificates of Participation				
Tax Increment Revenue Bonds				
Storm Water Revenue Bonds				
Debt Service				
Unreserved, Reported in:				
General Fund:				
Designated for Ocean Front Improvements	410,202			
Undesignated	7,067,216			
Special Revenue Funds:				
Designated for Capital Replacement			455,920	
Undesignated		(812,032)		
Capital Projects Fund:				
Designated for Disaster Recovery				
Undesignated				
Total Fund Balances (Deficit)	\$ 7,965,483	\$ (808,736)	\$ 455,920	\$
Total Liabilities and Fund Balances	\$ 13,015,115	\$ 17,233,767	\$ 1,498,366	\$ 4,883,067

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



	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
	\$	\$	\$ 722,066	\$ 722,066
				121,150
				16,154
		56,496		56,496
				249,437
				104,620
		554,738		554,738
		3,149,397		3,149,397
		142,787		142,787
			60,375	60,375
			10,207,358	10,207,358
			1,068,073	1,068,073
	2,093,066			2,093,066
				410,202
				7,067,216
				455,920
			751,009	(61,023)
		1,013,242		1,013,242
		11,566,491		11,566,491
\$	<u>2,093,066</u>	<u>16,483,151</u>	<u>12,808,881</u>	<u>38,997,765</u>
\$	<u>2,093,066</u>	<u>17,207,218</u>	<u>16,644,571</u>	<u>72,575,170</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET ASSETS**  
**June 30, 2010**

Total Fund Balances - Total Governmental Funds	\$ 38,997,765
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	217,769,626
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	18,739,362
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	3,693,863
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(175,551,620)</u>
<b>Net Assets of Governmental Activities</b>	<b>\$ <u>103,648,996</u></b>

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, 2010**

	General Fund	Convention Center Fund	Hospitality Fee Fund	Local Option Tourism Fee Fund
<b>REVENUES</b>				
Property Taxes	\$ 18,931,979	\$ 1,198,366	\$	
Local Accommodations Taxes				
Hospitality Fees			8,283,197	
Storm Water Fees				
Local Option Tourism Fees				14,195,983
Licenses and Permits	20,383,674	745,200		
Fines and Forfeitures	1,600,117			
Intergovernmental	2,744,397	90,216		
Charges for Services	2,509,483	1,938,621		
Miscellaneous	2,521,735	1,122,565	25,751	50,818
Total Revenues	<u>\$ 48,691,385</u>	<u>\$ 5,094,968</u>	<u>\$ 8,308,948</u>	<u>\$ 14,246,801</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 10,627,804	\$ 323,437	\$	
Public Safety	30,737,554			
Transportation	2,966,934			
Community and Economic Development	2,245,155			14,246,801
Culture and Recreation	10,739,304	3,982,345		
Public Works	1,477,446			
Capital Outlay	221,530			
Debt Service:				
Principal				
Interest and Fiscal Charges			2,545,324	
Bond Issuance Costs				
Payment to Escrow Agent				
Total Expenditures	<u>\$ 59,015,727</u>	<u>\$ 4,305,782</u>	<u>\$ 2,545,324</u>	<u>\$ 14,246,801</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (10,324,342)</u>	<u>\$ 789,186</u>	<u>\$ 5,763,624</u>	<u>\$</u>

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

	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$	2,576,463	\$ 1,108,356	\$ 3,601,569	\$ 27,416,733
			1,832,395	1,832,395
				8,283,197
			1,569,986	1,569,986
				14,195,983
		99,911		21,228,785
			241,179	1,841,296
		2,959,873	8,354,247	14,148,733
				4,448,104
		7,782,818	425,413	11,929,100
\$	<u>2,576,463</u>	<u>\$ 11,950,958</u>	<u>\$ 16,024,789</u>	<u>\$ 106,894,312</u>
\$	246,600	\$ 704,825	\$ 500,287	\$ 12,402,953
		15,628		30,753,182
		526,699	1,614,170	5,107,803
		91,316	2,674,292	19,257,564
		122,233		14,843,882
				1,477,446
		10,476,383	12,862,992	23,560,905
	4,806,003		436,895	5,242,898
	3,148,756		2,193,890	7,887,970
			416,512	416,512
			1,367,000	1,367,000
\$	<u>8,201,359</u>	<u>\$ 11,937,084</u>	<u>\$ 22,066,038</u>	<u>\$ 122,318,115</u>
\$	<u>(5,624,896)</u>	<u>13,874</u>	<u>\$ (6,041,249)</u>	<u>\$ (15,423,803)</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, 2010**

	General Fund	Convention Center Fund	Hospitality Fee Fund	Local Option Tourism Fee Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 7,686,037	\$ 1,631,393	\$ 1,930,459	
Transfers Out		(2,997,728)	(5,330,213)	
Capital Lease Obligation				
Storm Water Revenue Bonds Issued				
Tax Increment Revenue Bonds Issued				
Discount on Tax Increment Revenue Bonds				
Refunding Certificates of Participation Issued				
Premium on Refunding Certificates of Participation				
Payment to Escrow Agent				
Sale of Capital Assets	13,836			
Total Other Financing Sources (Uses)	<u>\$ 7,699,873</u>	<u>\$ (1,366,335)</u>	<u>\$ (3,399,754)</u>	<u>          </u>
<b>Net Change in Fund Balances</b>	<b>\$ (2,624,469)</b>	<b>\$ (577,149)</b>	<b>\$ 2,363,870</b>	
<b>Fund Balances - Beginning</b>	<u>10,589,952</u>	<u>(231,587)</u>	<u>(1,907,950)</u>	<u>          </u>
<b>Fund Balances - Ending</b>	<u><u>\$ 7,965,483</u></u>	<u><u>\$ (808,736)</u></u>	<u><u>\$ 455,920</u></u>	<u><u>          </u></u>

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

	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$	6,833,798	\$ 502,807	\$ 3,827,198	\$ 22,411,692
		(4,619,493)	(9,515,958)	(22,463,392)
		685,000		685,000
			2,762,239	2,762,239
			10,849,985	10,849,985
			(63,190)	(63,190)
			9,820,000	9,820,000
			217,469	217,469
			(9,820,624)	(9,820,624)
				13,836
\$	<u>6,833,798</u>	<u>(3,431,686)</u>	<u>8,077,119</u>	<u>14,413,015</u>
\$	1,208,902	\$ (3,417,812)	\$ 2,035,870	\$ (1,010,788)
	<u>884,164</u>	<u>19,900,963</u>	<u>10,773,011</u>	<u>40,008,553</u>
\$	<u><u>2,093,066</u></u>	<u><u>16,483,151</u></u>	<u><u>12,808,881</u></u>	<u><u>38,997,765</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2010**

Net Change in Fund Balances - Total Governmental Funds \$ (1,010,788)

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 (\$23,560,905) exceeded depreciation (\$9,273,894) and the book value of capital asset disposals (\$6,510) in the current period. 14,280,501

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 6,435,875

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. (7,424,469)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,066,194)

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. (1,322,116)

**Change in Net Assets of Governmental Activities** **\$ 9,892,809**

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, 2010**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>ASSETS</b>			
Current Assets:			
Cash and Temporary Investments	\$ 12,299,467	\$ 36,313	\$ 10,877
Receivables (Net):			
Accounts	868,968		7,880
Intergovernmental		219,194	
Due From Other Funds	2,376,371		
Inventories	747,060		149,094
Prepaid Assets	45		455
Total Current Assets	<u>\$ 16,291,911</u>	<u>\$ 255,507</u>	<u>\$ 168,306</u>
Noncurrent Assets:			
Intergovernmental Receivable	\$	\$ 1,405,500	\$
Restricted Cash and Temporary Investments	6,367,929	966,098	
Land and Construction in Progress	3,270,802	5,600,000	10,385,480
Other Capital Assets (Net)	101,204,995	4,725,603	5,492,291
Deferred Bond Issuance Costs (Net)	229,039	146,406	
Total Noncurrent Assets	<u>\$ 111,072,765</u>	<u>\$ 12,843,607</u>	<u>\$ 15,877,771</u>
Total Assets	<u>\$ 127,364,676</u>	<u>\$ 13,099,114</u>	<u>\$ 16,046,077</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 2,169,423	\$ 13,597	\$ 142,695
Due to Other Funds		1,089,710	785,612
Advance From Other Fund			56,496
Unreported Insurance Claims			
Capital Lease Obligations			
Payable From Restricted Assets:			
Customer Deposits	1,506,268		
Interest Payable	168,787	141,096	
County Renewal and Replacement Fund		90,000	
Revenue Bonds	450,000		
Certificates of Participation		525,000	
Total Current Liabilities	<u>\$ 4,294,478</u>	<u>\$ 1,859,403</u>	<u>\$ 984,803</u>

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



Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 35	\$ 12,346,692	\$ 8,248,649
97,606	974,454	71,457
	219,194	
	2,376,371	
42,076	938,230	116,547
	500	
<u>\$ 139,717</u>	<u>\$ 16,855,441</u>	<u>\$ 8,436,653</u>
\$	\$ 1,405,500	\$
	7,334,027	
	19,256,282	
791,271	112,214,160	9,035,565
	375,445	
<u>\$ 791,271</u>	<u>\$ 140,585,414</u>	<u>\$ 9,035,565</u>
<u>\$ 930,988</u>	<u>\$ 157,440,855</u>	<u>\$ 17,472,218</u>
\$ 217,023	\$ 2,542,738	\$ 658,710
501,049	2,376,371	2,041,465
	56,496	
		495,045
		510,312
	1,506,268	
	309,883	
	90,000	
	450,000	
	525,000	
<u>\$ 718,072</u>	<u>\$ 7,856,756</u>	<u>\$ 3,705,532</u>

## A-7 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2010**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>LIABILITIES</b> (continued)			
Noncurrent Liabilities:			
Compensated Absences	\$ 77,365	\$ 1,430	\$ 22,858
Unreported Insurance Claims			
Net OPEB Obligation			
Capital Lease Obligations			
Revenue Bonds (Net)	11,276,280		
Certificates of Participation (Net)		5,194,473	
Unearned Revenue	171,760		
Total Noncurrent Liabilities	<u>\$ 11,525,405</u>	<u>\$ 5,195,903</u>	<u>\$ 22,858</u>
Total Liabilities	<u>\$ 15,819,883</u>	<u>\$ 7,055,306</u>	<u>\$ 1,007,661</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$ 97,440,558	\$ 6,334,130	\$ 15,877,771
Restricted for:			
Renewal and Replacement		210,000	
Debt Service	1,832	525,002	
Unrestricted	<u>14,102,403</u>	<u>(1,025,324)</u>	<u>(839,355)</u>
Total Net Assets	<u>\$ 111,544,793</u>	<u>\$ 6,043,808</u>	<u>\$ 15,038,416</u>

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>
\$ 35,501	\$ 137,154	\$ 9,686
		2,704,725
		2,385,368
		3,662,719
	11,276,280	
	5,194,473	
	171,760	
<u>\$ 35,501</u>	<u>\$ 16,779,667</u>	<u>\$ 8,762,498</u>
<u>\$ 753,573</u>	<u>\$ 24,636,423</u>	<u>\$ 12,468,030</u>
\$ 791,271	\$ 120,443,730	\$ 4,862,534
	210,000	
	526,834	
<u>(613,856)</u>	<u>11,623,868</u>	<u>141,654</u>
<u>\$ 177,415</u>	<u>\$ 132,804,432</u>	<u>\$ 5,004,188</u>
	<u>1,310,325</u>	
	<u>\$ 134,114,757</u>	

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2010**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 21,196,276	\$ 30,056	\$ 1,076,778
<b>OPERATING EXPENSES</b>			
Administration	\$ 4,507,295	\$	\$ 809,045
Operations	16,633,461	218,244	768,875
Depreciation	3,759,060	252,418	277,389
Total Operating Expenses	<u>\$ 24,899,816</u>	<u>\$ 470,662</u>	<u>\$ 1,855,309</u>
Operating Loss	<u>\$ (3,703,540)</u>	<u>\$ (440,606)</u>	<u>\$ (778,531)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Earned	\$ 95,223	\$ 81,828	\$
Miscellaneous Revenue	151,331		2,084
Gain on Disposal of Capital Assets			6,290
Interest and Fiscal Charges	(287,029)	(290,490)	(7,676)
Amortization of Bond Issuance Costs	(12,965)	(18,301)	
Total Nonoperating Revenues (Expenses)	<u>\$ (53,440)</u>	<u>\$ (226,963)</u>	<u>\$ 698</u>
Loss Before Contributions and Transfers	\$ (3,756,980)	\$ (667,569)	\$ (777,833)
Capital Contributions	4,786,961		
Transfers In		850,000	
Transfers Out	<u>(1,148,300)</u>		
<b>Change in Net Assets</b>	\$ (118,319)	\$ 182,431	\$ (777,833)
<b>Total Net Assets - Beginning</b>	<u>111,663,112</u>	<u>5,861,377</u>	<u>15,816,249</u>
<b>Total Net Assets - Ending</b>	<u>\$ 111,544,793</u>	<u>\$ 6,043,808</u>	<u>\$ 15,038,416</u>

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

**Change in Net Assets of Business-Type Activities**

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

<u>Enterprise Funds</u>		
<u>Solid Waste Management Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 3,714,950	\$ 26,018,060	\$ 16,461,498
\$ 718,716	\$ 6,035,056	\$ 454,102
3,345,793	20,966,373	14,687,795
66,578	4,355,445	2,203,242
<u>\$ 4,131,087</u>	<u>\$ 31,356,874</u>	<u>\$ 17,345,139</u>
<u>\$ (416,137)</u>	<u>\$ (5,338,814)</u>	<u>\$ (883,641)</u>
\$	\$ 177,051	\$ 47,924
27	153,442	2,074
(520)	6,290	53,173
(520)	(585,715)	(174,760)
<u>(493)</u>	<u>(31,266)</u>	<u>(71,589)</u>
<u>\$ (416,630)</u>	<u>\$ (280,198)</u>	<u>\$ (71,589)</u>
\$ (416,630)	\$ (5,619,012)	\$ (955,230)
350,000	4,786,961	50,000
350,000	1,200,000	(1,148,300)
<u>(66,630)</u>	<u>(780,351)</u>	<u>(905,230)</u>
<u>244,045</u>	<u>5,909,418</u>	<u>5,909,418</u>
<u>\$ 177,415</u>	<u>\$ 5,004,188</u>	<u>\$ 5,004,188</u>
	<u>416,886</u>	
<u>\$ (363,465)</u>		

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2010**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts From Customers	\$ 21,618,673	\$ 71,997	\$ 1,084,751
Receipts From Interfund Services Provided			
Payments to Suppliers	(17,130,620)	(105,958)	(853,771)
Payments to Employees	(2,250,891)	(36,309)	(606,878)
Payments for Interfund Services Used	(2,337,643)	(68,526)	(145,473)
Payments of Claims			
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ (100,481)</u>	<u>\$ (138,796)</u>	<u>\$ (521,371)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In (Out)	\$ (1,148,300)	\$ 850,000	
Proceeds From Interfund Loan			576,563
Payments on Interfund Loans	(346,438)	(221,611)	
Principal Payments on Interfund Advance			(53,805)
Interest Payments on Interfund Loans			(7,676)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$ (1,494,738)</u>	<u>\$ 628,389</u>	<u>\$ 515,082</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Contributions	\$ 2,099,244		\$
Collections on Intergovernmental Receivable		237,036	
Principal Payments on Long-Term Debt		(505,000)	
Interest Payments on Long-Term Debt	(506,362)	(293,555)	
Payment of Bond Administration Fees	(2,414)	(3,232)	
Purchases of Capital Assets	(5,929,000)		
Proceeds From Disposal of Capital Assets			6,290
Net Cash and Cash Equivalents Provided (Used) by Capital and Related Financing Activities	<u>\$ (4,338,532)</u>	<u>\$ (564,751)</u>	<u>\$ 6,290</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	\$ 95,223	\$ 81,828	\$
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 95,223</u>	<u>\$ 81,828</u>	<u>\$</u>

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

Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$ 3,719,811	\$ 26,495,232	\$
		16,461,498
(1,857,670)	(19,948,019)	(4,286,772)
(1,140,256)	(4,034,334)	(343,101)
(1,062,850)	(3,614,492)	
		(8,100,939)
<u>\$ (340,965)</u>	<u>\$ (1,101,613)</u>	<u>\$ 3,730,686</u>
\$ 350,000	\$ 51,700	\$
	576,563	1,489,325
(8,515)	(576,564)	(142,556)
	(53,805)	
(520)	(8,196)	
<u>\$ 340,965</u>	<u>\$ (10,302)</u>	<u>\$ 1,346,769</u>
\$	\$ 2,099,244	\$ 50,000
	237,036	
	(505,000)	(345,016)
	(799,917)	(335,757)
	(5,646)	
	(5,929,000)	(1,330,048)
	6,290	116,710
<u>\$</u>	<u>\$ (4,896,993)</u>	<u>\$ (1,844,111)</u>
<u>\$</u>	<u>\$ 177,051</u>	<u>\$ 47,924</u>
<u>\$</u>	<u>\$ 177,051</u>	<u>\$ 47,924</u>

## A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2010**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	\$ (5,838,528)	\$ 6,670	\$ 1
<b>Cash and Cash Equivalents - Beginning</b>	24,505,924	995,741	10,876
<b>Cash and Cash Equivalents - Ending</b>	\$ 18,667,396	\$ 1,002,411	\$ 10,877

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

Operating Loss	\$ (3,703,540)	\$ (440,606)	\$ (778,531)
Adjustments to Reconcile Operating Loss to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:			
Depreciation	3,759,060	252,418	277,389
Decrease in Accounts Receivable (Net)	209,059	41,941	5,889
(Increase) Decrease in Inventories	(108,793)		(5,867)
(Increase) Decrease in Prepaid Assets	(45)		4,923
Increase (Decrease) in Accounts Payable and Accrued Expenses	(469,560)	7,451	(27,258)
Increase in Customer Deposits Payable	62,292		
(Decrease) in Unreported Insurance Claims			
Increase in Net OPEB Obligation			
(Decrease) in Unearned Revenue	(285)		
Miscellaneous Receipts	151,331		2,084
<b>Net Cash and Cash Equivalents Provided (Used) by Operating Activities</b>	\$ (100,481)	\$ (138,796)	\$ (521,371)

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



Enterprise Funds		
Solid Waste Management Fund	Total	Internal Service Funds
\$	\$ (5,831,857)	\$ 3,281,268
35	25,512,576	4,967,381
\$ 35	\$ 19,680,719	\$ 8,248,649

\$ (416,137) \$ (5,338,814) \$ (883,641)

66,578	4,355,445	2,203,242
4,834	261,723	9,590
(13,933)	(128,593)	2,274
	4,878	2,195
17,666	(471,701)	83,704
	62,292	
		(74,120)
		2,385,368
	(285)	
27	153,442	2,074
\$ (340,965)	\$ (1,101,613)	\$ 3,730,686

A-9 (Continued)

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2010**

	Enterprise Funds		
	Water and Sewer Fund	Baseball Stadium Fund	Municipal Golf Course Fund
<b><u>Noncash Capital and Related Financing Activities</u></b>			
Fair Value of Capital Asset Contributions	\$ 2,687,717		\$
Book Value of Capital Asset Disposals			
Capitalized Interest	220,825		
 <b><u>Reconciliation of Cash and Cash Equivalents</u></b>			
Unrestricted Cash and Temporary Investments	\$ 12,299,467	\$ 36,313	\$ 10,877
Restricted Cash and Temporary Investments	6,367,929	966,098	
	\$ 18,667,396	\$ 1,002,411	\$ 10,877

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>
\$	\$ 2,687,717	\$
	220,825	63,537
\$	35 \$ 12,346,692	\$ 8,248,649
	7,334,027	
\$	<u>35 \$ 19,680,719</u>	<u>\$ 8,248,649</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUND**  
**June 30, 2010**

**ASSETS**

Cash and Temporary Investments	\$ <u>2,692</u>
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**LIABILITIES**

Due to Firemen's Association	\$ <u>2,692</u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**A. Reporting Entity**

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

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

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

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

**B. Government-Wide Financial Statements**

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

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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, 2010**

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

The *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.

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.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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.

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

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

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

#### **D. Measurement Focus and Basis of Accounting**

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

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

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

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

#### **E. Cash and Temporary Investments**

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

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

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

#### **F. Receivables**

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



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**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, 2010**

**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 \$15,707,850 of total restricted net assets, of which \$4,766,399 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.

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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, \$175,551,620, follows:

Bonds Payable (Net)	\$ 170,041,190
Note Payable	1,947,500
Capital Lease Obligations	914,632
Compensated Absences	3,352,585
Accrued Interest Payable	3,238,355
Deferred Bond Issuance Costs (Net)	<u>(3,942,642)</u>
	<u>\$ 175,551,620</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, \$7,424,469, is comprised of the following:

Capital Lease Obligation	\$ 685,000
Storm Water Revenue Bonds Issued	2,762,239
Tax Increment Revenue Bonds Issued	10,849,985
Discount on Tax Increment Revenue Bonds	(63,190)
Refunding Certificates of Participation Issued	9,820,000
Premium on Refunding Certificates of Participation	217,469
Principal Repayments	(5,242,898)
Bond Issuance Costs	(416,512)
Payment to Escrow Agent	<u>(11,187,624)</u>
	<u>\$ 7,424,469</u>

The details of another element in the reconciliation that relates to expenses, \$1,066,194, follows:

Compensated Absences	\$ 89,381
Accrued Interest	731,482
Amortization of Bond Issuance Costs	201,193
Amortization of Bond Discounts and Premiums	15,593
Amortization of Loss on Advance Refunding	<u>28,545</u>
	<u>\$ 1,066,194</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
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**Note 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Appropriations**

The legal level of budget control is at the fund level. Thus, expenditures may not legally exceed appropriations, including supplemental appropriations, for an individual fund. For the year ended June 30, 2010, 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, 2010 were as follows:

Convention Center Fund	\$ 808,736
Nonmajor Governmental Fund:	
Public Facilities Corporation Fund	704,472
Internal Service Fund:	
Health Insurance Fund	3,314,623

**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 \$26,009,680 and the financial institutions' balances totaled \$26,038,457, including certificates of deposit. Of that balance, \$2,016,258 was covered by federal depository insurance and \$24,022,199 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. At year-end, the City had \$9,561 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 MBDR's carrying amount of deposits in financial institutions was \$951,746 and the financial institutions' balances totaled \$666,820. Of that balance, \$250,000 was covered by federal depository insurance and \$416,820 was collateralized with securities held by the pledging financial institutions' trust department in the MBDR's name. At year-end, cash on hand totaled \$2,543.

The MBDR'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 MBDR's name.

At year-end, the MBCCHC's carrying amount of deposits in financial institutions was \$412,978 and the financial institutions' balances totaled \$261,930. Of that balance, \$250,000 was covered by federal depository insurance and \$11,930 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**  
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**B. Investments**

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

	<u>Maturities</u>	<u>S&amp;P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Repurchase Agreement	07/01/10	Not Rated	\$ 4,526,000	12.97%
U.S. Treasury Bill	09/23/10	N/A	715,735	2.05
Money Market Mutual Funds	Not Available	AAA	17,830,268	51.10
State Treasurer's Investment Pool	2 Months Average	Not Rated	<u>11,821,443</u>	<u>33.88</u>
			<u>\$ 34,893,446</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&amp;P Credit Rating</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Federal National Mortgage Association	09/01/10	AAA	\$ 1,521,340	26.34%
Money Market Mutual Funds	Not Available	AAA	<u>4,255,348</u>	<u>73.66</u>
			<u>\$ 5,776,688</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, 2010, 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>Local Option Tourism Fee Fund</u>
Property Taxes	\$ 3,811,667	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fees			1,350,964	
Storm Water Fees				
Accounts	5,009,283	95,353		
Intergovernmental	584,143	2,305		4,883,067
Loans				
	<u>\$ 9,405,093</u>	<u>\$ 97,658</u>	<u>\$ 1,350,964</u>	<u>\$ 4,883,067</u>
Allowances for Doubtful Accounts	<u>(5,308,929)</u>		<u>(57,674)</u>	
	<u>\$ 4,096,164</u>	<u>\$ 97,658</u>	<u>\$ 1,293,290</u>	<u>\$ 4,883,067</u>

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	<u>Capital Improvements Fund</u>	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>
Property Taxes	\$	\$	\$	\$
Local Accommodations Taxes				
Hospitality Fees				
Storm Water Fees				
Accounts	857,242	1,017,185		7,880
Intergovernmental	794,198		1,624,694	
Loans				
	<u>\$ 1,651,440</u>	<u>\$ 1,017,185</u>	<u>\$ 1,624,694</u>	<u>\$ 7,880</u>
Allowances for Doubtful Accounts		<u>(148,217)</u>		
	<u>\$ 1,651,440</u>	<u>\$ 868,968</u>	<u>\$ 1,624,694</u>	<u>\$ 7,880</u>

	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property Taxes	\$	\$ 186,147	\$ 3,997,814
Local Accommodations Taxes		325,283	325,283
Hospitality Fees			1,350,964
Storm Water Fees		59,690	59,690
Accounts	136,995	222,984	7,346,922
Intergovernmental		2,485,719	10,374,126
Loans		<u>722,066</u>	<u>722,066</u>
	<u>\$ 136,995</u>	<u>\$ 4,001,889</u>	<u>\$ 24,176,865</u>
Allowances for Doubtful Accounts	<u>(39,389)</u>	<u>(23,713)</u>	<u>(5,577,922)</u>
	<u>\$ 97,606</u>	<u>\$ 3,978,176</u>	<u>\$ 18,598,943</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, 2010, the intergovernmental receivable in the Baseball Stadium Fund, relating to this agreement, is to be collected as follows:

Year Ending June 30, 2011	\$ 165,000
2012	172,500
2013	181,500
2014	190,500
2015	199,500
2016 - 2018	<u>661,500</u>
	<u>\$ 1,570,500</u>

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

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
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**Note 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2010, amounts due to/from other funds were as follows:

	Receivable	Payable
General Fund	\$ 6,031,824	\$
Convention Center Fund		484,115
Hospitality Fee Fund		1,030,444
Nonmajor Governmental Funds		2,475,800
Internal Service Funds		2,041,465
Water and Sewer Fund	2,376,371	
Baseball Stadium Fund		1,089,710
Municipal Golf Course Fund		785,612
Solid Waste Management Fund		501,049
	\$ 8,408,195	\$ 8,408,195

The interfund loans were made to cover cash flow deficiencies of the various funds. The amounts due from the Convention Center Fund, Hospitality Fee Fund, three nonmajor governmental funds (\$1,678,213) 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, 2010, the outstanding balances of an interfund advance were as follows:

	Receivable	Payable
Capital Improvements Fund	\$ 56,496	\$
Municipal Golf Course Fund		56,496
	\$ 56,496	\$ 56,496

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, 2010 were as follows:

Transfers In	Transfers Out			
	General Fund	Convention Center Fund	Hospitality Fee Fund	Capital Improvements Fund
General Fund	\$	\$	\$ 1,794,000	\$
Convention Center Fund			1,165,000	166,393
Hospitality Fee Fund		1,122,509		807,950
Debt Service Fund		166,393	840,292	3,645,150
Capital Improvements Fund				
Nonmajor Governmental Funds		1,708,826	330,921	
Baseball Stadium Fund			850,000	
Solid Waste Management Fund			350,000	
	\$	\$ 2,997,728	\$ 5,330,213	\$ 4,619,493

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
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<u>Transfers In</u>	<u>Transfers Out</u>		
	Nonmajor Governmental Funds	Water and Sewer Fund	Totals
General Fund	\$ 4,743,737	\$ 1,148,300	\$ 7,686,037
Convention Center Fund	300,000		1,631,393
Hospitality Fee Fund			1,930,459
Debt Service Fund	2,181,963		6,833,798
Capital Improvements Fund	502,807		502,807
Nonmajor Governmental Funds	1,787,451		3,827,198
Baseball Stadium Fund			850,000
Solid Waste Management Fund			350,000
	<u>\$ 9,515,958</u>	<u>\$ 1,148,300</u>	<u>\$ 23,611,692</u>

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

**Note 7 - TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS**

At June 30, 2010, amounts due to the City from its discretely presented component unit were as follows:

	<u>Receivable</u>	<u>Payable</u>
Primary Government:		
General Fund	\$ 102,692	\$
Convention Center Fund	17,132,813	
Hospitality Fee Fund	205,076	
MBCCHC		17,440,581
	<u>\$ 17,440,581</u>	<u>\$ 17,440,581</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, 2010, rent expense for this lease amounted to \$2,834,028. Minimum future rental payments for the fixed component of this lease as of June 30, 2010 are as follows:

Year Ending June 30, 2011	\$ 2,963,688
2012	2,962,888
2013	2,965,744
2014	2,961,988
2015	2,966,188
2016 - 2020	15,707,264
2021 - 2025	19,168,290
2026 - 2030	19,035,250
2031 - 2035	19,031,500
2036	3,806,250
	<u>\$ 91,569,050</u>



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

**Note 8 - RESTRICTED CASH AND TEMPORARY INVESTMENTS**

The City's restricted cash and temporary investments consisted of the following at June 30, 2010:

Governmental Activities:	
General Fund:	
Court Bonds	\$ 630,459
Confiscated and Seized Funds	352,044
Grant Funds	1,580
Refundable Deposits	160,289
Other	104,900
Capital Improvements Fund:	
Bond Proceeds	142,787
PUD Improvements	554,738
Hospitality Fees	3,149,397
Grant Funds	43,033
Nonmajor Governmental Funds:	
Certificates of Participation Accounts	60,375
Tax Increment Revenue Bond Accounts	10,207,358
Storm Water Revenue Bond Accounts	<u>1,068,073</u>
	<u>\$ 16,475,033</u>
Business-Type Activities:	
Water and Sewer Fund:	
Customer Deposits	\$ 1,506,268
Waterworks and Sewer System Revenue Bond Accounts	4,861,661
Baseball Stadium Fund:	
Certificates of Participation Accounts	666,098
Renewal and Replacement Accounts	<u>300,000</u>
	<u>\$ 7,334,027</u>

At June 30, 2010, the MBCCHC's restricted cash and temporary investments consisted of revenue bond accounts totaling \$4,057,212.

**Note 9 - CAPITAL ASSETS (NET)**

The City's capital asset activity for the year ended June 30, 2010 was as follows:

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets not Being Depreciated:				
Land	\$ 28,546,743	\$	\$	\$ 28,546,743
Construction-in-Progress	<u>5,623,158</u>	<u>1,361,395</u>	<u>4,874,320</u>	<u>2,110,233</u>
	<u>\$ 34,169,901</u>	<u>\$ 1,361,395</u>	<u>\$ 4,874,320</u>	<u>\$ 30,656,976</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 14,203,773	\$ 19,227,594	\$	\$ 33,431,367
Buildings and Improvements	83,663,741	556,894		84,220,635
Furniture, Vehicles and Equipment	43,359,652	2,421,801	941,150	44,840,303
Infrastructure	<u>151,140,790</u>	<u>10,805,577</u>		<u>161,946,367</u>
	<u>\$ 292,367,956</u>	<u>\$ 33,011,866</u>	<u>\$ 941,150</u>	<u>\$ 324,438,672</u>
Accumulated Depreciation for:				
Land Improvements	\$ (1,907,721)	\$ (1,087,242)	\$	\$ (2,994,963)
Buildings and Improvements	(30,257,422)	(2,665,375)		(32,922,797)
Furniture, Vehicles and Equipment	(29,348,866)	(3,509,525)	(871,103)	(31,987,288)
Infrastructure	<u>(56,170,415)</u>	<u>(4,214,994)</u>		<u>(60,385,409)</u>
	<u>\$ (117,684,424)</u>	<u>\$ (11,477,136)</u>	<u>\$ (871,103)</u>	<u>\$ (128,290,457)</u>
Capital Assets (Net)	<u>\$ 208,853,433</u>	<u>\$ 22,896,125</u>	<u>\$ 4,944,367</u>	<u>\$ 226,805,191</u>
<b>Business-Type Activities:</b>				
Capital Assets not Being Depreciated:				
Land	\$ 18,685,751	\$	\$	\$ 18,685,751
Construction-in-Progress	<u>1,794,971</u>	<u>543,979</u>	<u>1,768,419</u>	<u>570,531</u>
	<u>\$ 20,480,722</u>	<u>\$ 543,979</u>	<u>\$ 1,768,419</u>	<u>\$ 19,256,282</u>
Capital Assets Being Depreciated:				
Land Improvements	\$ 8,392,597	\$	\$	\$ 8,392,597
Buildings and Improvements	10,525,748			10,525,748
Distribution System	148,975,445	10,054,787		159,030,232
Furniture, Vehicles and Equipment	<u>4,919,317</u>	<u>7,193</u>	<u>21,463</u>	<u>4,905,047</u>
	<u>\$ 172,813,107</u>	<u>\$ 10,061,980</u>	<u>\$ 21,463</u>	<u>\$ 182,853,624</u>
Accumulated Depreciation for:				
Land Improvements	\$ (2,358,874)	\$ (282,447)	\$	\$ (2,641,321)
Buildings and Improvements	(4,707,902)	(308,720)		(5,016,622)
Distribution System	(54,697,321)	(3,656,428)		(58,353,749)
Furniture, Vehicles and Equipment	<u>(4,541,385)</u>	<u>(107,850)</u>	<u>(21,463)</u>	<u>(4,627,772)</u>
	<u>\$ (66,305,482)</u>	<u>\$ (4,355,445)</u>	<u>\$ (21,463)</u>	<u>\$ (70,639,464)</u>
Capital Assets (Net)	<u>\$ 126,988,347</u>	<u>\$ 6,250,514</u>	<u>\$ 1,768,419</u>	<u>\$ 131,470,442</u>

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

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Governmental Activities:	
General Government	\$ 233,890
Public Safety	1,215,390
Transportation	2,955,358
Community and Economic Development	2,371,571
Culture and Recreation	2,473,287
Public Works	24,398
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	<u>2,203,242</u>
	<u>\$ 11,477,136</u>
Business-Type Activities:	
Water	\$ 1,819,466
Sewer	1,939,594
Baseball Stadium	252,418
Municipal Golf Course	277,389
Solid Waste Management	<u>66,578</u>
	<u>\$ 4,355,445</u>

The MBDRC's capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Equipment	\$ <u>694,681</u>	\$ _____	\$ _____	\$ <u>694,681</u>
Accumulated Depreciation for:				
Equipment	\$ <u>(547,010)</u>	\$ <u>(41,296)</u>	\$ _____	\$ <u>(588,306)</u>
Capital Assets (Net)	\$ <u>147,671</u>	\$ <u>(41,296)</u>	\$ _____	\$ <u>106,375</u>

The MBCCHC's capital asset activity for the year ended June 30, 2010 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>11,744,550</u>	<u>406,770</u>	_____	<u>12,151,320</u>
	<u>\$ 54,563,877</u>	<u>\$ 406,770</u>	\$ _____	<u>\$ 54,970,647</u>
Accumulated Depreciation for:				
Land Improvements	\$ (172,835)	\$ (26,935)	\$ _____	\$ (199,770)
Building	(6,782,517)	(1,057,016)	_____	(7,839,533)
Furnishings and Equipment	<u>(9,612,671)</u>	<u>(533,572)</u>	_____	<u>(10,146,243)</u>
	<u>\$ (16,568,023)</u>	<u>\$ (1,617,523)</u>	\$ _____	<u>\$ (18,185,546)</u>
Capital Assets (Net)	<u>\$ 37,995,854</u>	<u>\$ (1,210,753)</u>	\$ _____	<u>\$ 36,785,101</u>

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

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2010:

	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Hospitality Fee Fund</u>	<u>Local Option Tourism Fee Fund</u>
Trade Accounts Payable	\$ 1,707,501	\$ 150,811	\$ 1,189	\$ 4,883,067
Accrued Salaries and Wages	993,963	48,432		
Compensated Absences				
Accrued Interest Payable				
Retainage Payable				
	<u>\$ 2,701,464</u>	<u>\$ 199,243</u>	<u>\$ 1,189</u>	<u>\$ 4,883,067</u>

	<u>Capital Improvements Fund</u>	<u>Water and Sewer Fund</u>	<u>Baseball Stadium Fund</u>	<u>Municipal Golf Course Fund</u>
Trade Accounts Payable	\$ 336,893	\$ 1,702,953	\$ 10,413	\$ 86,387
Accrued Salaries and Wages		68,992	948	20,557
Compensated Absences		121,008	2,236	35,751
Accrued Interest Payable				
Retainage Payable	344,141	276,470		
	<u>\$ 681,034</u>	<u>\$ 2,169,423</u>	<u>\$ 13,597</u>	<u>\$ 142,695</u>

	<u>Solid Waste Management Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Trade Accounts Payable	\$ 113,431	\$ 1,576,148	\$ 10,568,793
Accrued Salaries and Wages	48,064	36,248	1,217,204
Compensated Absences	55,528	15,149	229,672
Accrued Interest Payable		147,045	147,045
Retainage Payable		59,848	680,459
	<u>\$ 217,023</u>	<u>\$ 1,834,438</u>	<u>\$ 12,843,173</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Accrued Interest Payable	<u>3,238,355</u>
	<u>\$ 16,081,528</u>

**Note 11 - UNEARNED / DEFERRED REVENUE**

At June 30, 2010, unearned / deferred revenue was comprised of the following:

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	<u>General Fund</u>	<u>Convention Center Fund</u>	<u>Hospitality Fee Fund</u>	<u>Capital Improvements Fund</u>
Property Taxes	\$ 739,716	\$	\$	\$
Ambulance Fees	670,688			
Grant Revenues	1,580			43,033
Lease Revenues	30,000	17,132,813		
Deposits		224,087		
Tap Fees				
Other	<u>12,549</u>	<u>2,245</u>	<u>10,813</u>	
	<u>\$ 1,454,533</u>	<u>\$ 17,359,145</u>	<u>\$ 10,813</u>	<u>\$ 43,033</u>

	<u>Water and Sewer Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property Taxes	\$	\$ 183,609	\$ 923,325
Ambulance Fees			670,688
Grant Revenues			44,613
Lease Revenues			17,162,813
Deposits			224,087
Tap Fees	171,760		171,760
Other		<u>553</u>	<u>26,160</u>
	<u>\$ 171,760</u>	<u>\$ 184,162</u>	<u>\$ 19,223,446</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Property Taxes	(923,325)
Ambulance Fees	(670,688)
Lease Revenues	(17,132,813)
Other	<u>(12,536)</u>
	<u>\$ 484,084</u>

**Note 12 - LONG-TERM LIABILITIES**

**A. Governmental Activities**

At June 30, 2010, 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	\$ 2,100,000
Series 2001	2,460,000	4.75 - 5.10	03/01/17	1,330,000
Series 2002A	4,900,000	4.00 - 5.25	03/01/27	3,875,000
Series 2002B	6,270,000	4.00 - 5.25	03/01/27	4,985,000
Series 2003A	11,200,000	4.00 - 5.00	03/01/28	9,525,000
Refunding Series 2003B	4,800,000	2.00 - 4.00	03/01/14	2,040,000
Series 2006A	6,950,000	4.00 - 5.00	03/01/31	6,580,000

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	<u>Original</u>		<u>Final</u>	
	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount</u>
General Obligation Bonds (continued):				
Series 2006B	\$ 2,730,000	4.00 - 5.00%	03/01/31	\$ 2,585,000
Series 2006C	2,500,000	4.00 - 6.00	03/01/26	2,165,000
Series 2008A	12,300,000	4.50 - 5.13	03/01/33	10,035,000
Series 2009A	625,000	3.41	03/01/17	<u>560,000</u>
				<u>\$ 45,780,000</u>
Certificates of Participation:				
Series 2002	4,130,000	3.00 - 4.75	06/01/23	\$ 3,020,000
Refunding Series 2010	9,820,000	2.50 - 4.00	07/01/17	<u>9,820,000</u>
				<u>\$ 12,840,000</u>
Tax Increment Revenue Bonds:				
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	9,574,821
Series 2009	10,065,000	3.00 - 5.00	03/01/34	<u>10,065,000</u>
				<u>\$ 50,434,821</u>
Storm Water Revenue Bonds:				
Series 2004	10,499,052	3.25	05/01/27	\$ 9,323,165
Series 2010	2,773,380	1.67	02/01/30	<u>2,730,060</u>
				<u>\$ 12,053,225</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>
Note Payable:				
2006	2,897,500	4.88	11/07/10	<u>\$ 1,947,500</u>
Capital Lease Obligations:				
2004	985,936	4.05	04/01/12	\$ 499,592
2007	257,174	4.82	08/15/11	135,121
2007	3,712,713	4.15	08/01/18	3,538,318
2009	370,487	5.00	05/22/13	229,632
2010	685,000	3.19	10/01/14	<u>685,000</u>
				<u>\$ 5,087,663</u>

General Obligation Bonds

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

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2011	\$ 2,455,000	\$ 2,179,171	\$ 4,634,171
2012	2,545,000	2,069,578	4,614,578
2013	2,655,000	1,952,179	4,607,179
2014	2,770,000	1,828,601	4,598,601
2015	2,335,000	1,703,903	4,038,903
2016 - 2020	9,630,000	7,070,664	16,700,664
2021 - 2025	11,325,000	4,665,539	15,990,539
2026 - 2030	9,440,000	1,828,124	11,268,124
2031 - 2033	<u>2,625,000</u>	<u>233,999</u>	<u>2,858,999</u>
	<u>\$ 45,780,000</u>	<u>\$ 23,531,758</u>	<u>\$ 69,311,758</u>

Certificates of Participation

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2011	\$ 180,000	\$ 350,318	\$ 530,318
2012	1,000,000	445,975	1,445,975
2013	1,570,000	405,725	1,975,725
2014	1,615,000	349,000	1,964,000
2015	1,690,000	283,100	1,973,100
2016 - 2020	5,930,000	623,362	6,553,362
2021 - 2023	<u>855,000</u>	<u>82,650</u>	<u>937,650</u>
	<u>\$ 12,840,000</u>	<u>\$ 2,540,130</u>	<u>\$ 15,380,130</u>

Tax Increment Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2011	\$ 580,000	\$ 2,770,867	\$ 3,350,867
2012	610,000	2,739,629	3,349,629
2013	940,000	2,706,686	3,646,686
2014	980,000	2,663,186	3,643,186
2015	1,020,000	2,617,680	3,637,680
2016 - 2020	5,920,000	12,281,816	18,201,816
2021 - 2025	7,515,000	10,648,815	18,163,815
2026 - 2030	9,600,000	8,521,009	18,121,009
2031 - 2035	21,174,821	3,566,644	24,741,465
2036	<u>2,095,000</u>	<u>55,517</u>	<u>2,150,517</u>
	<u>\$ 50,434,821</u>	<u>\$ 48,571,849</u>	<u>\$ 99,006,670</u>

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Proceeds of the \$10,050,000 tax increment revenue bonds, series 2006B are received when eligible project costs are incurred. Accordingly, an additional \$475,179 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:

	Principal	Interest	Total
Year Ending June 30, 2011	\$ 536,214	\$ 338,566	\$ 874,780
2012	553,845	325,551	879,396
2013	569,685	309,711	879,396
2014	586,050	293,346	879,396
2015	602,958	276,438	879,396
2016 - 2020	3,288,702	1,108,276	4,396,978
2021 - 2025	3,803,905	593,073	4,396,978
2026 - 2030	2,111,866	85,199	2,197,065
	\$ 12,053,225	\$ 3,330,160	\$ 15,383,385

Hospitality Fee Revenue Bonds

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

	Principal	Interest	Total
Year Ending June 30, 2011	\$ 555,000	\$ 2,545,325	\$ 3,100,325
2012	585,000	2,516,525	3,101,525
2013	615,000	2,486,081	3,101,081
2014	645,000	2,453,925	3,098,925
2015	685,000	2,419,406	3,104,406
2016 - 2020	4,870,000	11,492,644	16,362,644
2021 - 2025	10,085,000	9,533,112	19,618,112
2026 - 2030	12,300,000	6,735,250	19,035,250
2031 - 2035	15,695,000	3,336,500	19,031,500
2036	3,625,000	181,251	3,806,251
	\$ 49,660,000	\$ 43,700,019	\$ 93,360,019

Note Payable

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

	Principal	Interest	Total
Year Ending June 30, 2011	\$ 1,947,500	\$ 94,941	\$ 2,042,441



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Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of equipment. At June 30, 2010, the gross amount of equipment recorded under capital leases totaled \$6,011,310. 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, 2010 are as follows:

Year Ending June 30, 2011	\$ 919,817
2012	1,191,728
2013	710,584
2014	629,316
2015	629,316
2016 - 2019	<u>1,916,549</u>
Total Minimum Lease Payments	\$ 5,997,310
Amount Representing Interest	<u>(909,647)</u>
Present Value of Minimum Lease Payments	<u>\$ 5,087,663</u>

**B. Business-Type Activities**

Long-term debt of the City's business-type activities consisted of the following at June 30, 2010:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount</u>
Revenue Bonds:				
Waterworks and Sewer System:				
Series 2007	\$ 11,710,000	4.00 - 5.00%	03/01/28	\$ <u>11,710,000</u>
Certificates of Participation:				
Series 1998	10,295,000	3.65 - 5.00	07/01/18	\$ <u>5,760,000</u>

Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2011	\$ 450,000	\$ 506,362	\$ 956,362
2012	470,000	488,363	958,363
2013	485,000	469,562	954,562
2014	505,000	450,163	955,163
2015	525,000	429,962	954,962
2016 - 2020	2,970,000	1,809,563	4,779,563
2021 - 2025	3,680,000	1,099,312	4,779,312
2026 - 2028	<u>2,625,000</u>	<u>239,851</u>	<u>2,864,851</u>
	<u>\$ 11,710,000</u>	<u>\$ 5,493,138</u>	<u>\$ 17,203,138</u>

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Certificates of Participation

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2011	\$ 525,000	\$ 270,117	\$ 795,117
2012	550,000	245,117	795,117
2013	575,000	218,392	793,392
2014	605,000	189,921	794,921
2015	635,000	159,375	794,375
2016 - 2019	<u>2,870,000</u>	<u>295,750</u>	<u>3,165,750</u>
	<u>\$ 5,760,000</u>	<u>\$ 1,378,672</u>	<u>\$ 7,138,672</u>

**C. MBCCHC**

Long-term debt outstanding at June 30, 2010 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>\$ 21,045,000</u>
Notes Payable: Operator Loan	1,000,000	0.00	09/27/15	\$ 1,000,000
Key Money Loan	500,000	0.00	09/27/15	<u>300,000</u>
				<u>\$ 1,300,000</u>

Revenue Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30, 2011	\$ 410,000	\$ 1,086,966	\$ 1,496,966
2012	430,000	1,068,926	1,498,926
2013	450,000	1,049,576	1,499,576
2014	470,000	1,028,426	1,498,426
2015	490,000	1,005,866	1,495,866
2016 - 2020	2,850,000	4,636,362	7,486,362
2021 - 2025	3,665,000	3,820,425	7,485,425
2026 - 2030	4,740,000	2,750,738	7,490,738
2031 - 2035	6,115,000	1,369,988	7,484,988
2036	<u>1,425,000</u>	<u>74,812</u>	<u>1,499,812</u>
	<u>\$ 21,045,000</u>	<u>\$ 17,892,085</u>	<u>\$ 38,937,085</u>

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Notes Payable

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

	Principal	Interest	Total
Year Ending June 30, 2011	\$ 50,000	\$	\$ 50,000
2012	250,000		250,000
2013	250,000		250,000
2014	250,000		250,000
2015	250,000		250,000
2016	<u>250,000</u>		<u>250,000</u>
	<u>\$ 1,300,000</u>	<u>\$</u>	<u>\$ 1,300,000</u>

**D. Changes in Long-Term Liabilities**

The City's long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 48,135,000	\$	\$ 2,355,000	\$ 45,780,000	\$ 2,455,000
Certificates of Participation	15,210,000	9,820,000	12,190,000	12,840,000	180,000
Tax Increment Revenue Bonds	39,584,836	10,849,985		50,434,821	580,000
Storm Water Revenue Bonds	9,727,881	2,762,239	436,895	12,053,225	536,214
Hospitality Fee Revenue Bonds	49,660,000			49,660,000	555,000
Unamortized Bond Discount	(1,018,704)	(63,190)	(43,236)	(1,038,658)	
Unamortized Bond Premium	451,522	217,469	27,643	641,348	
Unamortized Loss on Advance Refunding	<u>(105,100)</u>	<u>(252,991)</u>	<u>(28,545)</u>	<u>(329,546)</u>	
	\$ 161,645,435	\$ 23,333,512	\$ 14,937,757	\$ 170,041,190	\$ 4,306,214
Note Payable	2,897,500		950,000	1,947,500	1,947,500
Capital Lease Obligations	4,978,682	685,000	576,019	5,087,663	713,871
Unreported Insurance Claims	3,273,891	7,569,087	7,643,208	3,199,770	495,045
Net OPEB Obligation		2,932,292	546,924	2,385,368	
Compensated Absences	<u>3,284,000</u>	<u>2,093,873</u>	<u>2,000,453</u>	<u>3,377,420</u>	<u>2,060,226</u>
	<u>\$ 176,079,508</u>	<u>\$ 36,613,764</u>	<u>\$ 26,654,361</u>	<u>\$ 186,038,911</u>	<u>\$ 9,522,856</u>

Reconciliation to the Government-Wide Statement of Net Assets:

Compensated Absences Included in Accounts Payable and Accrued Expenses	(15,149)	(15,149)
	<u>\$ 186,023,762</u>	<u>\$ 9,507,707</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
<b>Bonds Payable:</b>					
Revenue Bonds	\$ 11,710,000	\$	\$	\$ 11,710,000	\$ 450,000
Certificates of Participation	6,265,000		505,000	5,760,000	525,000
Unamortized Bond Discount	(45,593)		(5,066)	(40,527)	
Unamortized Bond Premium	<u>17,202</u>		<u>922</u>	<u>16,280</u>	
	\$ 17,946,609	\$	\$ 500,856	\$ 17,445,753	\$ 975,000
Compensated Absences	<u>352,712</u>	<u>219,562</u>	<u>220,597</u>	<u>351,677</u>	<u>214,523</u>
	<u>\$ 18,299,321</u>	<u>\$ 219,562</u>	<u>\$ 721,453</u>	\$ 17,797,430	\$ 1,189,523

**Reconciliation to the Government-Wide Statement of Net Assets:**

Compensated Absences Included in Accounts Payable and Accrued Expenses	(214,523)	(214,523)
Bonds Payable Included in Liabilities Payable From Restricted Assets	<u>(975,000)</u>	<u>(975,000)</u>
	<u>\$ 16,607,907</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 \$24,835, capital lease obligations of \$4,173,031, unreported insurance claims of \$3,199,770 and net OPEB obligation of \$2,385,368 are included in the above amounts.

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

The MBDRC's long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	<u>\$ 12,424</u>	<u>\$ 6,815</u>	<u>\$ 5,905</u>	<u>\$ 13,334</u>	<u>\$ 8,134</u>

The MBCCHC's long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Bonds Payable:</b>					
Revenue Bonds	\$ 21,440,000	\$	\$ 395,000	\$ 21,045,000	\$ 410,000
Unamortized Bond Discounts	<u>(416,831)</u>		<u>(15,583)</u>	<u>(401,248)</u>	
	\$ 21,023,169	\$	\$ 379,417	\$ 20,643,752	\$ 410,000
Notes Payable	<u>1,350,000</u>		<u>50,000</u>	<u>1,300,000</u>	<u>50,000</u>
	<u>\$ 22,373,169</u>	<u>\$</u>	<u>\$ 429,417</u>	\$ 21,943,752	\$ 460,000

**Reconciliation to the Government-Wide Statement of Net Assets:**

Bonds Payable Included in Liabilities Payable From Restricted Assets	(410,000)	(410,000)
	<u>\$ 21,533,752</u>	<u>\$ 50,000</u>

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**E. Debt Defeasance**

On June 30, 2006, the City used a portion of the proceeds received in conjunction with the sale of its water and wastewater plant along with other resources to purchase U.S. government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the then outstanding waterworks and sewer system revenue bonds, series 2003 in the amount of \$16,320,000. As a result, the waterworks and sewer system revenue bonds, series 2003 are considered defeased and the City has removed the liabilities from its accounts. The unmatured and outstanding principal balance on the defeased bonds at June 30, 2010 is \$11,605,000.

On May 5, 2010, the City issued \$9,820,000 in refunding certificates of participation, series 2010 with interest rates ranging from 2.5% to 4.0%. The City issued the refunding certificates of participation, series 2010 to advance refund \$10,920,000 of the outstanding refunding certificates of participation, series 1998, with interest rates ranging from 3.6% to 5.0%. The City used the net 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 refunding certificates of participation, series 1998. As a result, the refunding certificates of participation, series 1998 are considered defeased and the City has removed the liabilities from its accounts. The advance refunding reduced the City's total debt service requirements by \$554,292. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$534,276. The unmatured and outstanding principal balance on the defeased bonds at June 30, 2010 is \$10,920,000.

**Note 13 - OPERATING LEASES**

The City is the lessor of land under lease arrangements classified as operating leases. The leases expire in various years though the year 2020. At June 30, 2010, 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, 2010 are shown below.

Year Ending June 30, 2011	\$	240,000
2012		240,000
2013		240,000
2014		240,000
2015		240,000
2016 - 2020		<u>1,080,000</u>
		<u>\$ 2,280,000</u>

Minimum future rentals do not include contingent rentals that may be received under the land leases. Contingent rentals during the year ended June 30, 2010 amounted to \$2,063,178. 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, 2010, rental income from this lease amounted to \$29,471.

The following is an analysis of the property being leased by the Baseball Stadium Fund at June 30, 2010:

Land	\$	5,600,000
Land Improvements		680,000
Buildings		7,858,273
Equipment		928,535
Accumulated Depreciation		<u>(4,741,205)</u>
		<u>\$ 10,325,603</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**Note 14 - RETIREMENT PLANS**

**A. Plan Description**

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

**B. Funding Policy**

Members of the PORS and SCRS are required to contribute 6.50% of their covered wages. The City is required to contribute at actuarially determined rates, currently 11.05% of PORS member wages and 9.39% of SCRS member wages. The contribution requirements of plan members and the City are established and may be amended by the South Carolina Retirement Systems. The City's contributions to the PORS for the years ended June 30, 2010, 2009 and 2008 were \$2,065,688, \$2,055,999 and \$1,812,777, respectively. The City's contributions to the SCRS for the years ended June 30, 2010, 2009 and 2008 were \$1,845,647, \$1,839,695 and \$1,673,366, respectively. The contributions made by the City to the PORS and SCRS, as shown above, were equal to the required contributions for each year.

**Note 15 - POSTEMPLOYMENT HEALTH CARE PLAN**

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

The City is required to annually contribute an amount which will provide each employee with a \$100,000 health reimbursement account after twenty years of service as an employee of the City. Plan members are not required to contribute to the plan. The City's required contribution for the year ended June 30, 2010 was \$2,932,292. During the year ended June 30, 2010, the City contributed \$546,924 to the plan. The contribution requirements of plan members and the City are established and may be amended by City Council.

**Note 16 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the Self Insurance Fund, an internal service fund, to account for and finance its uninsured risks of loss for worker's compensation, general liability and property damage. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$400,000 for each worker's compensation claim, \$250,000 for each general liability claim and \$25,000 for each property damage claim. The City purchases commercial insurance for claims in excess of coverage provided by the Self Insurance Fund. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

The Self Insurance Fund allocates the costs of providing claims servicing and claims payment to other funds by charging them a "premium" based on estimates of the amounts needed to pay prior and current claims. At June 30, 2010, the Self Insurance Fund has a claim liability of \$2,704,725. 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, 2010 and 2009 follows:

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

	2010	2009
Beginning Balance	\$ 2,950,022	\$ 2,312,043
Claims Incurred and Change in Estimate	1,039,788	1,405,363
Claim Payments	<u>(1,285,085)</u>	<u>(767,384)</u>
Ending Balance	<u>\$ 2,704,725</u>	<u>\$ 2,950,022</u>

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

The Health Insurance Fund allocates the costs of providing claims servicing and claims payment to other funds by charging them a "premium" based on estimates of the amounts needed to pay prior and current claims. At June 30, 2010, the Health Insurance Fund has a claim liability of \$495,045, which is based on the requirements of Governmental Accounting Standards Board Statement No. 10. A summary of changes in the Health Insurance Fund's claims liability during the years ended June 30, 2010 and 2009 follows:

	2010	2009
Beginning Balance	\$ 323,868	\$ 735,643
Claims Incurred and Change in Estimate	6,529,300	4,808,784
Claim Payments	<u>(6,358,123)</u>	<u>(5,220,559)</u>
Ending Balance	<u>\$ 495,045</u>	<u>\$ 323,868</u>

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

**Note 17 - COMMITMENTS**

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

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

Year Ending June 30, 2011	\$ 1,198,818
2012	1,682,700
2013	1,681,450
2014	1,689,850
2015	1,680,650
2016 - 2017	<u>3,382,400</u>
	<u>\$ 11,315,868</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

Year Ending June 30, 2011		\$ 565,630
2012		565,035
2013		566,715
2014		567,175
2015		565,950
2016 - 2018		<u>1,700,300</u>
		<u>\$ 4,530,805</u>

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

Year Ending June 30, 2011		\$ 312,575
2012		311,050
2013		313,650
2014		310,850
2015		312,850
2016 - 2020		1,565,638
2021 - 2023		<u>937,650</u>
		<u>\$ 4,064,263</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, 2010, water and wastewater treatment service charges totaled \$11,655,098.

Prior to June 30, 2010, the City entered into various construction contracts. The approximate costs of the contracts were \$16,297,000 of which roughly \$15,412,000 has been incurred as of year-end.

**Note 18 - CONTINGENCIES**

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



## **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, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 19,694,000	\$ 19,694,000	\$ 18,931,979	\$ (762,021)
Licenses and Permits	22,867,000	22,867,000	20,383,674	(2,483,326)
Fines and Forfeitures	1,294,000	1,294,000	1,600,117	306,117
Intergovernmental	2,464,950	2,803,500	2,744,397	(59,103)
Charges for Services	2,515,000	2,515,000	2,509,483	(5,517)
Miscellaneous	2,335,000	2,369,733	2,521,735	152,002
Total Revenues	<u>\$ 51,169,950</u>	<u>\$ 51,543,233</u>	<u>\$ 48,691,385</u>	<u>\$ (2,851,848)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 9,680,540	\$ 9,703,853	\$ 10,627,804	\$ (923,951)
Public Safety	31,122,921	31,341,605	30,737,554	604,051
Transportation	2,776,943	2,776,943	2,966,934	(189,991)
Community and Economic Development	2,249,029	2,282,779	2,245,155	37,624
Culture and Recreation	11,353,569	11,429,444	10,739,304	690,140
Public Works	1,497,335	1,497,335	1,477,446	19,889
Capital Outlay	88,815	110,476	221,530	(111,054)
Total Expenditures	<u>\$ 58,769,152</u>	<u>\$ 59,142,435</u>	<u>\$ 59,015,727</u>	<u>\$ 126,708</u>
Deficiency of Revenues Under Expenditures	<u>\$ (7,599,202)</u>	<u>\$ (7,599,202)</u>	<u>\$ (10,324,342)</u>	<u>\$ (2,725,140)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 7,690,001	\$ 7,690,001	\$ 7,686,037	\$ (3,964)
Transfers Out	(841,652)	(841,652)		841,652
Sale of Capital Assets			13,836	13,836
Total Other Financing Sources (Uses)	<u>\$ 6,848,349</u>	<u>\$ 6,848,349</u>	<u>\$ 7,699,873</u>	<u>\$ 851,524</u>
<b>Net Change in Fund Balances</b>	<u>\$ (750,853)</u>	<u>\$ (750,853)</u>	<u>\$ (2,624,469)</u>	<u>\$ (1,873,616)</u>
<b>Fund Balances - Beginning</b>	<u>10,589,952</u>	<u>10,589,952</u>	<u>10,589,952</u>	
<b>Fund Balances - Ending</b>	<u><u>\$ 9,839,099</u></u>	<u><u>\$ 9,839,099</u></u>	<u><u>\$ 7,965,483</u></u>	<u><u>\$ (1,873,616)</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,215,000	\$ 1,215,000	\$ 1,198,366	\$ (16,634)
Licenses and Permits	810,000	810,000	745,200	(64,800)
Intergovernmental	50,000	50,000	90,216	40,216
Charges for Services	2,072,000	2,072,000	1,938,621	(133,379)
Miscellaneous	200	1,122,710	1,122,565	(145)
Total Revenues	<u>\$ 4,147,200</u>	<u>\$ 5,269,710</u>	<u>\$ 5,094,968</u>	<u>\$ (174,742)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 320,620	\$ 320,620	\$ 323,437	\$ (2,817)
Culture and Recreation	4,011,337	4,011,337	3,982,345	28,992
Total Expenditures	<u>\$ 4,331,957</u>	<u>\$ 4,331,957</u>	<u>\$ 4,305,782</u>	<u>\$ 26,175</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (184,757)</u>	<u>\$ 937,753</u>	<u>\$ 789,186</u>	<u>\$ (148,567)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 1,981,393	\$ 1,981,393	\$ 1,631,393	\$ (350,000)
Transfers Out	(1,875,218)	(2,997,728)	(2,997,728)	
Total Other Financing Sources (Uses)	<u>\$ 106,175</u>	<u>\$ (1,016,335)</u>	<u>\$ (1,366,335)</u>	<u>\$ (350,000)</u>
<b>Net Change in Fund Balances</b>	\$ (78,582)	\$ (78,582)	\$ (577,149)	\$ (498,567)
<b>Fund Balances - Beginning</b>	<u>(231,587)</u>	<u>(231,587)</u>	<u>(231,587)</u>	
<b>Fund Balances - Ending</b>	<u>\$ (310,169)</u>	<u>\$ (310,169)</u>	<u>\$ (808,736)</u>	<u>\$ (498,567)</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOSPITALITY FEE FUND**  
**Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Hospitality Fees	\$ 9,040,000	\$ 8,450,600	\$ 8,283,197	\$ (167,403)
Charges for Services	910,600			
Miscellaneous	40,000	40,000	25,751	(14,249)
Total Revenues	<u>\$ 9,990,600</u>	<u>\$ 8,490,600</u>	<u>\$ 8,308,948</u>	<u>\$ (181,652)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Interest and Fiscal Charges	\$ 2,549,635	\$ 2,549,635	\$ 2,545,324	\$ 4,311
Excess of Revenues Over Expenditures	<u>\$ 7,440,965</u>	<u>\$ 5,940,965</u>	<u>\$ 5,763,624</u>	<u>\$ (177,341)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$	\$ 1,930,459	\$ 1,930,459	\$
Transfers Out	(6,830,213)	(5,330,213)	(5,330,213)	
Total Other Financing Sources (Uses)	<u>\$ (6,830,213)</u>	<u>\$ (3,399,754)</u>	<u>\$ (3,399,754)</u>	
<b>Net Change in Fund Balance</b>	\$ 610,752	\$ 2,541,211	\$ 2,363,870	\$ (177,341)
<b>Fund Balance - Beginning</b>	<u>(1,907,950)</u>	<u>(1,907,950)</u>	<u>(1,907,950)</u>	
<b>Fund Balance - Ending</b>	<u>\$ (1,297,198)</u>	<u>\$ 633,261</u>	<u>\$ 455,920</u>	<u>\$ (177,341)</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 LOCAL OPTION TOURISM FEE FUND  
 Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Option Tourism Fee	\$	\$ 14,195,983	\$ 14,195,983	\$
Miscellaneous		50,818	50,818	
Total Revenues	\$	\$ 14,246,801	\$ 14,246,801	\$
<b>EXPENDITURES</b>				
Current:				
Community and Economic Development	\$	\$ 14,246,801	\$ 14,246,801	\$
<b>Net Change in Fund Balance</b>	\$	\$	\$	\$
<b>Fund Balance - Beginning</b>				
<b>Fund Balance - Ending</b>	\$	\$	\$	\$

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2010**

**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, 2010, 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, 2010, 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, 2010 as follows:

General Fund	\$ 373,283
Convention Center Fund	1,122,510
Hospitality Fee Fund	(1,500,000)
Local Option Tourism Fee Fund	14,246,801
Debt Service Fund	1,087,382
Capital Improvements Fund	27,416,640
Nonmajor Governmental Funds:	
Public Facilities Corporation Fund	11,396,712
Community Block Development Fund	868,433
Tax Increment Revenue Fund	615,011
Storm Water Fund	3,219,988
Local Accommodations Tax Fund	292,938
Air Base Tax Increment Revenue Fund	400,000
Ocean Front Tax Increment Revenue Fund	11,132,234

**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. The use of this fund was discontinued during the year ended June 30, 2010.

**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.

**Air Base 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.

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



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2010**

ASSETS	Special Revenue Funds			
	Accommodations	Public	Community	Tax Increment
	Tax	Facilities Corporation	Block Development	Revenue
Cash and Temporary Investments	\$	\$	\$	\$
Receivables (Net):				
Property Taxes				
Local Accommodations Taxes				
Storm Water Fees				
Accounts			67,522	
Intergovernmental	1,977,538		421,800	
Loans			722,066	
Restricted Cash and Temporary Investments		60,375		
Total Assets	\$ 1,977,538	\$ 60,375	\$ 1,211,388	\$
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 499,498	\$	\$ 312,742	\$
Due to Other Fund	1,478,039	764,847	183,885	
Deferred Revenue				
Total Liabilities	\$ 1,977,537	\$ 764,847	\$ 496,627	\$
Fund Balances (Deficit):				
Reserved for:				
Long-Term Receivable	\$	\$	\$ 722,066	\$
Certificates of Participation		60,375		
Tax Increment Revenue Bonds				
Storm Water Revenue Bonds				
Unreserved:				
Undesignated	1	(764,847)	(7,305)	
Total Fund Balances (Deficit)	\$ 1	\$ (704,472)	\$ 714,761	\$
Total Liabilities and Fund Balances	\$ 1,977,538	\$ 60,375	\$ 1,211,388	\$

Special Revenue Funds

Victims Advocate	Storm Water	Local Accommodations Tax	Air Base Tax Increment Revenue	Ocean Front Tax Increment Revenue	Total Nonmajor Governmental Funds
\$ 36,776	\$ 848,595	\$	\$	\$ 516,675	\$ 1,402,046
			74,876	109,680	184,556
		324,288			324,288
	38,563				38,563
				84,005	151,527
			68,241	18,140	2,485,719
					722,066
	1,068,073		8,123,936	2,083,422	11,335,806
<u>\$ 36,776</u>	<u>\$ 1,955,231</u>	<u>\$ 324,288</u>	<u>\$ 8,267,053</u>	<u>\$ 2,811,922</u>	<u>\$ 16,644,571</u>
\$ 10,531	\$ 44,888	\$	\$ 115,048	\$ 193,021	\$ 1,175,728
			16,289	32,740	2,475,800
			553	72,463	184,162
<u>\$ 10,531</u>	<u>\$ 44,888</u>	<u>\$ 16,842</u>	<u>\$ 220,251</u>	<u>\$ 304,167</u>	<u>\$ 3,835,690</u>
\$	\$	\$	\$	\$	\$ 722,066
					60,375
			8,123,936	2,083,422	10,207,358
	1,068,073				1,068,073
26,245	842,270	307,446	(77,134)	424,333	751,009
<u>\$ 26,245</u>	<u>\$ 1,910,343</u>	<u>\$ 307,446</u>	<u>\$ 8,046,802</u>	<u>\$ 2,507,755</u>	<u>\$ 12,808,881</u>
<u>\$ 36,776</u>	<u>\$ 1,955,231</u>	<u>\$ 324,288</u>	<u>\$ 8,267,053</u>	<u>\$ 2,811,922</u>	<u>\$ 16,644,571</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2010**

	Special Revenue Funds			
	Accommodations Tax	Public Facilities Corporation	Community Block Development	Tax Increment Revenue
<b>REVENUES</b>				
Property Taxes	\$	\$	\$	\$
Local Accommodations Taxes				
Storm Water Fees				
Fines and Forfeitures				
Intergovernmental	6,407,148		967,076	
Miscellaneous	13,113	8,092	84,878	
<b>Total Revenues</b>	<u>\$ 6,420,261</u>	<u>\$ 8,092</u>	<u>\$ 1,051,954</u>	<u>\$</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$	\$	748	\$
Transportation				
Community and Economic Development	1,820,881		293,425	
Capital Outlay			743,410	
Debt Service:				
Principal				
Interest and Fiscal Charges				
Bond Issuance Costs		209,088		
Payment to Escrow Agent		1,367,000		
<b>Total Expenditures</b>	<u>\$ 1,820,881</u>	<u>\$ 1,576,088</u>	<u>\$ 1,037,583</u>	<u>\$</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,599,380</u>	<u>\$ (1,567,996)</u>	<u>\$ 14,371</u>	<u>\$</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$	2,039,746	\$	\$
Transfers Out	(4,615,894)	(2,039,746)		(615,011)
Storm Water Revenue Bonds Issued				
Tax Increment Revenue Bonds Issued				
Discount on Tax Increment Revenue Bonds				
Refunding Certificates of Participation Issued		9,820,000		
Premium on Refunding Certificates of Participation		217,469		
Payment to Escrow Agent		(9,820,624)		
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (4,615,894)</u>	<u>\$ 216,845</u>	<u>\$</u>	<u>\$ (615,011)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (16,514)</u>	<u>\$ (1,351,151)</u>	<u>\$ 14,371</u>	<u>\$ (615,011)</u>
<b>Fund Balances - Beginning</b>	<u>16,515</u>	<u>646,679</u>	<u>700,390</u>	<u>615,011</u>
<b>Fund Balances - Ending</b>	<u>\$ 1</u>	<u>\$ (704,472)</u>	<u>\$ 714,761</u>	<u>\$</u>

Special Revenue Funds						Total Nonmajor Governmental Funds
Victims Advocate	Storm Water	Local Accommodations Tax	Air Base Tax Increment Revenue	Ocean Front Tax Increment Revenue		
\$	\$	\$	\$ 3,539,293	\$ 62,276	\$	3,601,569
		1,832,395				1,832,395
	1,569,986					1,569,986
241,179						241,179
			13,228	966,795		8,354,247
572	1,595	1,530	10,534	305,099		425,413
<u>\$ 241,751</u>	<u>\$ 1,571,581</u>	<u>\$ 1,833,925</u>	<u>\$ 3,563,055</u>	<u>\$ 1,334,170</u>	<u>\$</u>	<u>16,024,789</u>
\$ 266,163	\$ 222,537	\$	\$	\$ 10,839	\$	500,287
	1,614,170					1,614,170
		559,986				2,674,292
	2,657,578		1,014,959	8,447,045		12,862,992
	436,895					436,895
	335,487		1,631,720	226,683		2,193,890
				207,424		416,512
						1,367,000
<u>\$ 266,163</u>	<u>\$ 5,266,667</u>	<u>\$ 559,986</u>	<u>\$ 2,646,679</u>	<u>\$ 8,891,991</u>	<u>\$</u>	<u>22,066,038</u>
<u>\$ (24,412)</u>	<u>\$ (3,695,086)</u>	<u>\$ 1,273,939</u>	<u>\$ 916,376</u>	<u>\$ (7,557,821)</u>	<u>\$</u>	<u>(6,041,249)</u>
\$	\$ 1,343,884	\$	\$	\$ 443,568	\$	3,827,198
	(123,005)	(1,742,500)		(379,802)		(9,515,958)
	2,762,239					2,762,239
			784,985	10,065,000		10,849,985
				(63,190)		(63,190)
						9,820,000
						217,469
						(9,820,624)
<u>\$</u>	<u>\$ 3,983,118</u>	<u>\$ (1,742,500)</u>	<u>\$ 784,985</u>	<u>\$ 10,065,576</u>	<u>\$</u>	<u>8,077,119</u>
\$ (24,412)	\$ 288,032	\$ (468,561)	\$ 1,701,361	\$ 2,507,755	\$	2,035,870
<u>50,657</u>	<u>1,622,311</u>	<u>776,007</u>	<u>6,345,441</u>	<u></u>	<u></u>	<u>10,773,011</u>
<u>\$ 26,245</u>	<u>\$ 1,910,343</u>	<u>\$ 307,446</u>	<u>\$ 8,046,802</u>	<u>\$ 2,507,755</u>	<u>\$</u>	<u>12,808,881</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, 2010**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 6,936,000	\$ 6,407,148	\$ (528,852)
Miscellaneous	12,500	13,113	613
Total Revenues	<u>\$ 6,948,500</u>	<u>\$ 6,420,261</u>	<u>\$ (528,239)</u>
<b>EXPENDITURES</b>			
Current:			
Community and Economic Development	\$ 2,073,300	\$ 1,820,881	\$ 252,419
Excess of Revenues Over Expenditures	\$ 4,875,200	\$ 4,599,380	\$ (275,820)
<b>OTHER FINANCING USES</b>			
Transfers Out	<u>(4,875,200)</u>	<u>(4,615,894)</u>	<u>259,306</u>
<b>Net Change in Fund Balance</b>	\$	\$ (16,514)	\$ (16,514)
<b>Fund Balance - Beginning</b>	<u>16,515</u>	<u>16,515</u>	
<b>Fund Balance - Ending</b>	<u>\$ 16,515</u>	<u>\$ 1</u>	<u>\$ (16,514)</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 25,000	\$ 25,000	\$ 8,092	\$ (16,908)
<b>EXPENDITURES</b>				
Debt Service:				
Bond Issuance Costs	\$	\$ 209,088	\$ 209,088	\$
Payment to Escrow Agent		1,367,000	1,367,000	
Total Expenditures	\$	\$ 1,576,088	\$ 1,576,088	\$
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 25,000	\$ (1,551,088)	\$ (1,567,996)	\$ (16,908)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 2,039,746	\$ 2,039,746	\$ 2,039,746	\$
Transfers Out	(2,039,746)	(2,039,746)	(2,039,746)	
Refunding Certificates of Participation Issued		9,820,000	9,820,000	
Premium on Refunding Certificates of Participation		217,469	217,469	
Payment to Escrow Agent		(9,820,624)	(9,820,624)	
Total Other Financing Sources (Uses)	\$	\$ 216,845	\$ 216,845	\$
<b>Net Change in Fund Balances</b>	\$ 25,000	\$ (1,334,243)	\$ (1,351,151)	\$ (16,908)
<b>Fund Balances - Beginning</b>	646,679	646,679	646,679	
<b>Fund Balances - Ending</b>	\$ 671,679	\$ (687,564)	\$ (704,472)	\$ (16,908)

**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 185,000	\$ 970,305	\$ 967,076	\$ (3,229)
Miscellaneous	1,750	84,878	84,878	
Total Revenues	<u>\$ 186,750</u>	<u>\$ 1,055,183</u>	<u>\$ 1,051,954</u>	<u>\$ (3,229)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$	\$	\$ 748	\$ (748)
Community and Economic Development		347,778	293,425	54,353
Capital Outlay	186,750	707,405	743,410	(36,005)
Total Expenditures	<u>\$ 186,750</u>	<u>\$ 1,055,183</u>	<u>\$ 1,037,583</u>	<u>\$ 17,600</u>
<b>Net Change in Fund Balances</b>	\$	\$	\$ 14,371	\$ 14,371
<b>Fund Balances - Beginning</b>	<u>700,390</u>	<u>700,390</u>	<u>700,390</u>	
<b>Fund Balances - Ending</b>	<u>\$ 700,390</u>	<u>\$ 700,390</u>	<u>\$ 714,761</u>	<u>\$ 14,371</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**TAX INCREMENT REVENUE FUND**  
**Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>OTHER FINANCING USES</b>				
Transfers Out	\$ _____	\$ (615,011)	\$ (615,011)	\$ _____
<b>Net Change in Fund Balance</b>	\$ _____	\$ (615,011)	\$ (615,011)	\$ _____
<b>Fund Balance - Beginning</b>	615,011	615,011	615,011	_____
<b>Fund Balance - Ending</b>	\$ <u>615,011</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, 2010**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
<b>REVENUES</b>			
Fines and Forfeitures	\$ 220,000	\$ 241,179	\$ 21,179
Miscellaneous		572	572
Total Revenues	<u>\$ 220,000</u>	<u>\$ 241,751</u>	<u>\$ 21,751</u>
<b>EXPENDITURES</b>			
Current:			
General Government	<u>\$ 316,891</u>	<u>\$ 266,163</u>	<u>\$ 50,728</u>
Deficiency of Revenues Under Expenditures	\$ (96,891)	\$ (24,412)	\$ 72,479
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>129,652</u>		<u>(129,652)</u>
<b>Net Change in Fund Balance</b>	\$ 32,761	\$ (24,412)	\$ (57,173)
<b>Fund Balance - Beginning</b>	<u>50,657</u>	<u>50,657</u>	
<b>Fund Balance - Ending</b>	<u><u>\$ 83,418</u></u>	<u><u>\$ 26,245</u></u>	<u><u>\$ (57,173)</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**STORM WATER FUND**  
**Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Storm Water Fees	\$ 1,532,793	\$ 1,532,793	\$ 1,569,986	\$ 37,193
Miscellaneous	90,000	90,000	1,595	(88,405)
Total Revenues	<u>\$ 1,622,793</u>	<u>\$ 1,622,793</u>	<u>\$ 1,571,581</u>	<u>\$ (51,212)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 222,537	\$ 222,537	\$ 222,537	
Transportation	1,660,390	1,660,390	1,614,170	46,220
Capital Outlay		3,038,104	2,657,578	380,526
Debt Service:				
Principal	404,716	413,667	436,895	(23,228)
Interest and Fiscal Charges	311,257	484,190	335,487	148,703
Total Expenditures	<u>\$ 2,598,900</u>	<u>\$ 5,818,888</u>	<u>\$ 5,266,667</u>	<u>\$ 552,221</u>
Deficiency of Revenues Under Expenditures	<u>\$ (976,107)</u>	<u>\$ (4,196,095)</u>	<u>\$ (3,695,086)</u>	<u>\$ 501,009</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 1,162,000	\$ 1,343,884	\$ 1,343,884	
Transfers Out			(123,005)	(123,005)
Storm Water Revenue Bonds Issued		3,038,104	2,762,239	(275,865)
Total Other Financing Sources (Uses)	<u>\$ 1,162,000</u>	<u>\$ 4,381,988</u>	<u>\$ 3,983,118</u>	<u>\$ (398,870)</u>
<b>Net Change in Fund Balances</b>	\$ 185,893	\$ 185,893	\$ 288,032	\$ 102,139
<b>Fund Balances - Beginning</b>	<u>1,622,311</u>	<u>1,622,311</u>	<u>1,622,311</u>	
<b>Fund Balances - Ending</b>	<u><u>\$ 1,808,204</u></u>	<u><u>\$ 1,808,204</u></u>	<u><u>\$ 1,910,343</u></u>	<u><u>\$ 102,139</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Accommodations Taxes	\$ 1,992,500	\$ 1,725,452	\$ 1,832,395	\$ 106,943
Miscellaneous	35,000	35,000	1,530	(33,470)
Total Revenues	<u>\$ 2,027,500</u>	<u>\$ 1,760,452</u>	<u>\$ 1,833,925</u>	<u>\$ 73,473</u>
<b>EXPENDITURES</b>				
Current:				
Community and Economic Development	\$ _____	\$ 559,986	\$ 559,986	\$ _____
Excess of Revenues Over Expenditures	\$ 2,027,500	\$ 1,200,466	\$ 1,273,939	\$ 73,473
<b>OTHER FINANCING USES</b>				
Transfers Out	<u>(2,012,425)</u>	<u>(1,745,377)</u>	<u>(1,742,500)</u>	<u>2,877</u>
<b>Net Change in Fund Balance</b>	\$ 15,075	\$ (544,911)	\$ (468,561)	\$ 76,350
<b>Fund Balance - Beginning</b>	<u>776,007</u>	<u>776,007</u>	<u>776,007</u>	<u>_____</u>
<b>Fund Balance - Ending</b>	<u>\$ 791,082</u>	<u>\$ 231,096</u>	<u>\$ 307,446</u>	<u>\$ 76,350</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**AIR BASE TAX INCREMENT REVENUE FUND**  
**Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 6,350,000	\$ 6,350,000	\$ 3,539,293	\$ (2,810,707)
Intergovernmental			13,228	13,228
Miscellaneous	50,000	50,000	10,534	(39,466)
Total Revenues	<u>\$ 6,400,000</u>	<u>\$ 6,400,000</u>	<u>\$ 3,563,055</u>	<u>\$ (2,836,945)</u>
<b>EXPENDITURES</b>				
Capital Outlay	\$ 2,070,500	\$ 2,070,500	\$ 1,014,959	\$ 1,055,541
Debt Service:				
Principal	580,000	580,000		580,000
Interest and Fiscal Charges	2,378,220	2,378,220	1,631,720	746,500
Total Expenditures	<u>\$ 5,028,720</u>	<u>\$ 5,028,720</u>	<u>\$ 2,646,679</u>	<u>\$ 2,382,041</u>
Excess of Revenues Over Expenditures	<u>\$ 1,371,280</u>	<u>\$ 1,371,280</u>	<u>\$ 916,376</u>	<u>\$ (454,904)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	\$	\$ (400,000)	\$	\$ 400,000
Tax Increment Revenue Bonds Issued		1,771,280	784,985	(986,295)
Total Other Financing Sources (Uses)	<u>\$</u>	<u>\$ 1,371,280</u>	<u>\$ 784,985</u>	<u>\$ (586,295)</u>
<b>Net Change in Fund Balances</b>	\$ 1,371,280	\$ 2,742,560	\$ 1,701,361	\$ (1,041,199)
<b>Fund Balances - Beginning</b>	<u>6,345,441</u>	<u>6,345,441</u>	<u>6,345,441</u>	<u></u>
<b>Fund Balances - Ending</b>	<u>\$ 7,716,721</u>	<u>\$ 9,088,001</u>	<u>\$ 8,046,802</u>	<u>\$ (1,041,199)</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**OCEAN FRONT TAX INCREMENT REVENUE FUND**  
**Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$	\$	\$ 62,276	\$ 62,276
Intergovernmental		958,115	966,795	8,680
Miscellaneous		912,436	305,099	(607,337)
Total Revenues	\$	\$ 1,870,551	\$ 1,334,170	\$ (536,381)
<b>EXPENDITURES</b>				
Current:				
General Government	\$	\$	\$ 10,839	\$ (10,839)
Capital Outlay		10,905,551	8,447,045	2,458,506
Debt Service:				
Interest and Fiscal Charges		226,683	226,683	
Bond Issuance Costs			207,424	(207,424)
Total Expenditures	\$	\$ 11,132,234	\$ 8,891,991	\$ 2,240,243
Deficiency of Revenues Under Expenditures	\$	\$ (9,261,683)	\$ (7,557,821)	\$ 1,703,862
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$	\$ 226,683	\$ 443,568	\$ 216,885
Transfers Out			(379,802)	(379,802)
Tax Increment Revenue Bonds Issued		9,035,000	10,065,000	1,030,000
Discount on Tax Increment Revenue Bonds			(63,190)	(63,190)
Total Other Financing Sources (Uses)	\$	\$ 9,261,683	\$ 10,065,576	\$ 803,893
<b>Net Change in Fund Balances</b>	\$	\$	\$ 2,507,755	\$ 2,507,755
<b>Fund Balances - Beginning</b>				
<b>Fund Balances - Ending</b>	\$	\$	\$ 2,507,755	\$ 2,507,755

**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 2,585,000	\$ 2,585,000	\$ 2,576,463	\$ (8,537)
Miscellaneous	35,000	35,000		(35,000)
Total Revenues	<u>\$ 2,620,000</u>	<u>\$ 2,620,000</u>	<u>\$ 2,576,463</u>	<u>\$ (43,537)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 231,486	\$ 231,486	\$ 246,600	\$ (15,114)
Debt Service:				
Principal	3,785,673	4,735,673	4,806,003	(70,330)
Interest and Fiscal Charges	3,109,261	3,246,643	3,148,756	97,887
Total Expenditures	<u>\$ 7,126,420</u>	<u>\$ 8,213,802</u>	<u>\$ 8,201,359</u>	<u>\$ 12,443</u>
Deficiency of Revenues Under Expenditures	\$ (4,506,420)	\$ (5,593,802)	\$ (5,624,896)	\$ (31,094)
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>5,586,355</u>	<u>6,673,737</u>	<u>6,833,798</u>	<u>160,061</u>
<b>Net Change in Fund Balance</b>	\$ 1,079,935	\$ 1,079,935	\$ 1,208,902	\$ 128,967
<b>Fund Balance - Beginning</b>	<u>884,164</u>	<u>884,164</u>	<u>884,164</u>	
<b>Fund Balance - Ending</b>	<u>\$ 1,964,099</u>	<u>\$ 1,964,099</u>	<u>\$ 2,093,066</u>	<u>\$ 128,967</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 484,500	\$ 484,500	\$ 1,108,356	\$ 623,856
Licenses and Permits	100,000	100,000	99,911	(89)
Intergovernmental	706,000	3,304,233	2,959,873	(344,360)
Miscellaneous	215,000	23,948,407	7,782,818	(16,165,589)
Total Revenues	<u>\$ 1,505,500</u>	<u>\$ 27,837,140</u>	<u>\$ 11,950,958</u>	<u>\$ (15,886,182)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 728,485	\$ 995,712	\$ 704,825	\$ 290,887
Public Safety		16,969	15,628	1,341
Transportation		526,699	526,699	
Community and Economic Development		91,316	91,316	
Culture and Recreation		122,233	122,233	
Capital Outlay	1,269,900	25,212,096	10,476,383	14,735,713
Total Expenditures	<u>\$ 1,998,385</u>	<u>\$ 26,965,025</u>	<u>\$ 11,937,084</u>	<u>\$ 15,027,941</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (492,885)</u>	<u>\$ 872,115</u>	<u>\$ 13,874</u>	<u>\$ (858,241)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$	\$ 400,000	\$ 502,807	\$ 102,807
Transfers Out	(166,393)	(2,616,393)	(4,619,493)	(2,003,100)
Capital Lease Obligation		685,000	685,000	
Total Other Financing Sources (Uses)	<u>\$ (166,393)</u>	<u>\$ (1,531,393)</u>	<u>\$ (3,431,686)</u>	<u>\$ (1,900,293)</u>
<b>Net Change in Fund Balances</b>	\$ (659,278)	\$ (659,278)	\$ (3,417,812)	\$ (2,758,534)
<b>Fund Balances - Beginning</b>	<u>19,900,963</u>	<u>19,900,963</u>	<u>19,900,963</u>	
<b>Fund Balances - Ending</b>	<u>\$ 19,241,685</u>	<u>\$ 19,241,685</u>	<u>\$ 16,483,151</u>	<u>\$ (2,758,534)</u>

## **INTERNAL SERVICE FUNDS**

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

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

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

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



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2010**

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Current Assets:				
Cash and Temporary Investments	\$ 772,067	\$ 5,930,318	\$ 1,546,264	\$ 8,248,649
Accounts Receivable	573	35,455	35,429	71,457
Inventories	116,547			116,547
Total Current Assets	<u>\$ 889,187</u>	<u>\$ 5,965,773</u>	<u>\$ 1,581,693</u>	<u>\$ 8,436,653</u>
Noncurrent Assets:				
Other Capital Assets (Net)	<u>9,035,565</u>			<u>9,035,565</u>
Total Assets	<u>\$ 9,924,752</u>	<u>\$ 5,965,773</u>	<u>\$ 1,581,693</u>	<u>\$ 17,472,218</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 394,945	\$ 239,280	\$ 24,485	\$ 658,710
Due to Other Fund		50,047	1,991,418	2,041,465
Unreported Insurance Claims			495,045	495,045
Capital Lease Obligations	510,312			510,312
Total Current Liabilities	<u>\$ 905,257</u>	<u>\$ 289,327</u>	<u>\$ 2,510,948</u>	<u>\$ 3,705,532</u>
Noncurrent Liabilities:				
Compensated Absences	\$ 9,686			\$ 9,686
Unreported Insurance Claims		2,704,725		2,704,725
Net OPEB Obligation			2,385,368	2,385,368
Capital Lease Obligations	3,662,719			3,662,719
Total Noncurrent Liabilities	<u>\$ 3,672,405</u>	<u>\$ 2,704,725</u>	<u>\$ 2,385,368</u>	<u>\$ 8,762,498</u>
Total Liabilities	<u>\$ 4,577,662</u>	<u>\$ 2,994,052</u>	<u>\$ 4,896,316</u>	<u>\$ 12,468,030</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	\$ 4,862,534			\$ 4,862,534
Unrestricted	<u>484,556</u>	<u>2,971,721</u>	<u>(3,314,623)</u>	<u>141,654</u>
Total Net Assets	<u>\$ 5,347,090</u>	<u>\$ 2,971,721</u>	<u>\$ (3,314,623)</u>	<u>\$ 5,004,188</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2010**

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 4,218,269	\$ 4,961,167	\$ 7,282,062	\$ 16,461,498
<b>OPERATING EXPENSES</b>				
Administration	\$ 454,102	\$	\$	\$ 454,102
Operations	1,098,842	3,250,605	10,338,348	14,687,795
Depreciation	2,203,242			2,203,242
Total Operating Expenses	<u>\$ 3,756,186</u>	<u>\$ 3,250,605</u>	<u>\$ 10,338,348</u>	<u>\$ 17,345,139</u>
Operating Income (Loss)	<u>\$ 462,083</u>	<u>\$ 1,710,562</u>	<u>\$ (3,056,286)</u>	<u>\$ (883,641)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Earned	\$ 2,274	\$ 43,858	\$ 1,792	\$ 47,924
Miscellaneous Revenues	2,074			2,074
Gain on Disposal of Capital Assets	53,173			53,173
Interest Expense	(174,760)			(174,760)
Total Nonoperating Revenues (Expenses)	<u>\$ (117,239)</u>	<u>\$ 43,858</u>	<u>\$ 1,792</u>	<u>\$ (71,589)</u>
Income (Loss) Before Contributions	\$ 344,844	\$ 1,754,420	\$ (3,054,494)	\$ (955,230)
Capital Contributions	<u>50,000</u>			<u>50,000</u>
<b>Change in Net Assets</b>	\$ 394,844	\$ 1,754,420	\$ (3,054,494)	\$ (905,230)
<b>Total Net Assets - Beginning</b>	<u>4,952,246</u>	<u>1,217,301</u>	<u>(260,129)</u>	<u>5,909,418</u>
<b>Total Net Assets - Ending</b>	<u><u>\$ 5,347,090</u></u>	<u><u>\$ 2,971,721</u></u>	<u><u>\$ (3,314,623)</u></u>	<u><u>\$ 5,004,188</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2010**

	Fleet Management Fund	Self Insurance Fund	Health Insurance Fund	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts From Interfund Services Provided	\$ 4,218,269	\$ 4,961,167	\$ 7,282,062	\$ 16,461,498
Payments to Suppliers	(1,118,708)	(2,188,705)	(979,359)	(4,286,772)
Payments to Employees	(343,101)			(343,101)
Payments of Claims		(1,273,658)	(6,827,281)	(8,100,939)
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 2,756,460</u>	<u>\$ 1,498,804</u>	<u>\$ (524,578)</u>	<u>\$ 3,730,686</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds From Interfund Loan	\$	\$ 18,718	\$ 1,470,607	\$ 1,489,325
Payments on Interfund Loan	(142,556)			(142,556)
Net Cash and Cash Equivalents Provided (Used) by Noncapital Financing Activities	<u>\$ (142,556)</u>	<u>\$ 18,718</u>	<u>\$ 1,470,607</u>	<u>\$ 1,346,769</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Contributions	\$ 50,000	\$	\$	\$ 50,000
Principal Payments on Capital Lease Obligations	(345,016)			(345,016)
Interest Payments on Capital Lease Obligations	(335,757)			(335,757)
Purchases of Capital Assets	(1,330,048)			(1,330,048)
Proceeds From Disposal of Capital Assets	116,710			116,710
Net Cash and Cash Equivalents Used by Capital and Related Financing Activities	<u>\$ (1,844,111)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (1,844,111)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	\$ 2,274	\$ 43,858	\$ 1,792	\$ 47,924
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 2,274</u>	<u>\$ 43,858</u>	<u>\$ 1,792</u>	<u>\$ 47,924</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>\$ 772,067</b>	<b>\$ 1,561,380</b>	<b>\$ 947,821</b>	<b>\$ 3,281,268</b>
<b>Cash and Cash Equivalents - Beginning</b>	<u></u>	<u>4,368,938</u>	<u>598,443</u>	<u>4,967,381</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 772,067</u>	<u>\$ 5,930,318</u>	<u>\$ 1,546,264</u>	<u>\$ 8,248,649</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
Year Ended June 30, 2010**

	<u>Fleet Management Fund</u>	<u>Self Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities</u></b>				
Operating Income (Loss)	\$ 462,083	\$ 1,710,562	\$ (3,056,286)	\$ (883,641)
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:				
Depreciation	2,203,242			2,203,242
(Increase) Decrease in Accounts Receivable	4,763	(18,830)	23,657	9,590
Decrease in Inventories	2,274			2,274
Decrease in Prepaid Assets			2,195	2,195
Increase (Decrease) in Accounts Payable and Accrued Expenses	82,024	52,369	(50,689)	83,704
Increase (Decrease) in Unreported Insurance Claims		(245,297)	171,177	(74,120)
Increase in Net OPEB Obligation			2,385,368	2,385,368
Miscellaneous Receipts	2,074			2,074
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>\$ 2,756,460</u>	<u>\$ 1,498,804</u>	<u>\$ (524,578)</u>	<u>\$ 3,730,686</u>

**Noncash Capital and Related Financing Activities**

Book Value of Capital Asset Disposals	\$ 63,537	\$	\$	\$ 63,537
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## **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, 2010**

	Beginning Balance	Increases	Decreases	Ending Balance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and Temporary Investments	\$ 13,219	\$ 357,046	\$ 367,573	\$ 2,692
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES</b>				
Due to Firemen's Association	\$ 13,219	\$ 357,046	\$ 367,573	\$ 2,692
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## **DISCRETELY PRESENTED COMPONENT UNIT**

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT  
MYRTLE BEACH DOWNTOWN REDEVELOPMENT CORPORATION  
June 30, 2010**

**ASSETS**

Cash and Temporary Investments	\$ 954,289
Receivables:	
Accounts	47
Loans	244
	<hr/>
Total Assets	\$ 954,580
	<hr/> <hr/>

**LIABILITIES AND FUND BALANCES**

Liabilities:	
Accounts Payable and Accrued Expenditures	\$ 231,745
Unearned Revenue	37,799
Total Liabilities	\$ 269,544
	<hr/> <hr/>
Fund Balances:	
Reserved for:	
Long-Term Receivable	\$ 244
Unreserved:	
Designated for:	
Vehicle Replacement	15,000
Redevelopment Loans	60,537
Undesignated	609,255
Total Fund Balances	\$ 685,036
	<hr/> <hr/>
Total Liabilities and Fund Balances	\$ 954,580
	<hr/> <hr/>

**Reconciliation to the Statement of Net Assets**

Total Fund Balances	\$ 685,036
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.	106,375
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(13,334)
	<hr/>
Net Assets Reported in the Statement of Net Assets	\$ 778,077
	<hr/> <hr/>



**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, 2010**

**REVENUES**

Charges for Services	\$ 1,295,113
Miscellaneous	144,695
Total Revenues	<u>\$ 1,439,808</u>

**EXPENDITURES**

Current:	
Community and Economic Development	<u>\$ 1,524,391</u>

**Net Change in Fund Balances** \$ (84,583)

**Fund Balances - Beginning** 769,619

**Fund Balances - Ending** \$ 685,036

**Reconciliation to the Statement of Activities**

Net Change in Fund Balances \$ (84,583)

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. (41,296)

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. (910)

Change in Net Assets Reported in the Statement of Activities \$ (126,789)

## **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, 2010**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 22,475,000	\$ 21,196,276	\$ (1,278,724)
<b>OPERATING EXPENSES</b>			
Administration	\$ 5,945,862	\$ 4,507,295	\$ 1,438,567
Operations	17,738,692	16,633,461	1,105,231
Depreciation	3,900,000	3,759,060	140,940
Total Operating Expenses	<u>\$ 27,584,554</u>	<u>\$ 24,899,816</u>	<u>\$ 2,684,738</u>
Operating Loss	<u>\$ (5,109,554)</u>	<u>\$ (3,703,540)</u>	<u>\$ 1,406,014</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Earned	\$ 300,000	\$ 95,223	\$ (204,777)
Miscellaneous Revenue	200,000	151,331	(48,669)
Interest and Fiscal Charges	(505,362)	(287,029)	218,333
Amortization of Bond Issuance Costs	(12,965)	(12,965)	
Total Nonoperating Revenues (Expenses)	<u>\$ (18,327)</u>	<u>\$ (53,440)</u>	<u>\$ (35,113)</u>
Loss Before Contributions and Transfers	<u>\$ (5,127,881)</u>	<u>\$ (3,756,980)</u>	<u>\$ 1,370,901</u>
Capital Contributions	700,000	4,786,961	4,086,961
Transfers Out	<u>(1,148,300)</u>	<u>(1,148,300)</u>	
<b>Change in Net Assets</b>	<u>\$ (5,576,181)</u>	<u>\$ (118,319)</u>	<u>\$ 5,457,862</u>
<b>Total Net Assets - Beginning</b>	<u>111,663,112</u>	<u>111,663,112</u>	
<b>Total Net Assets - Ending</b>	<u><u>\$ 106,086,931</u></u>	<u><u>\$ 111,544,793</u></u>	<u><u>\$ 5,457,862</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, 2010**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 22,000	\$ 30,056	\$ 8,056
<b>OPERATING EXPENSES</b>			
Operations	\$ 322,848	\$ 218,244	\$ 104,604
Depreciation	400,000	252,418	147,582
Total Operating Expenses	<u>\$ 722,848</u>	<u>\$ 470,662</u>	<u>\$ 252,186</u>
Operating Loss	<u>\$ (700,848)</u>	<u>\$ (440,606)</u>	<u>\$ 260,242</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Earned	\$ 110,000	\$ 81,828	\$ (28,172)
Interest and Fiscal Charges	(304,918)	(290,490)	14,428
Amortization of Bond Issuance Costs	(18,301)	(18,301)	
Total Nonoperating Revenues (Expenses)	<u>\$ (213,219)</u>	<u>\$ (226,963)</u>	<u>\$ (13,744)</u>
Loss Before Transfers	\$ (914,067)	\$ (667,569)	\$ 246,498
Transfers In	<u>850,000</u>	<u>850,000</u>	
<b>Change in Net Assets</b>	\$ (64,067)	\$ 182,431	\$ 246,498
<b>Total Net Assets - Beginning</b>	<u>5,861,377</u>	<u>5,861,377</u>	
<b>Total Net Assets - Ending</b>	<u><u>\$ 5,797,310</u></u>	<u><u>\$ 6,043,808</u></u>	<u><u>\$ 246,498</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, 2010**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,608,600	\$ 1,076,778	\$ (531,822)
<b>OPERATING EXPENSES</b>			
Administration	\$ 720,015	\$ 809,045	\$ (89,030)
Operations	916,151	768,875	147,276
Depreciation	275,000	277,389	(2,389)
Total Operating Expenses	<u>\$ 1,911,166</u>	<u>\$ 1,855,309</u>	<u>\$ 55,857</u>
Operating Loss	<u>\$ (302,566)</u>	<u>\$ (778,531)</u>	<u>\$ (475,965)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Earned	\$ 4,000	\$	\$ (4,000)
Miscellaneous Revenue	1,500	2,084	584
Gain on Disposal of Capital Assets	500	6,290	5,790
Interest Expense	(10,499)	(7,676)	2,823
Total Nonoperating Revenues (Expenses)	<u>\$ (4,499)</u>	<u>\$ 698</u>	<u>\$ 5,197</u>
<b>Change in Net Assets</b>	<u>\$ (307,065)</u>	<u>\$ (777,833)</u>	<u>\$ (470,768)</u>
<b>Total Net Assets - Beginning</b>	<u>15,816,249</u>	<u>15,816,249</u>	
<b>Total Net Assets - Ending</b>	<u><u>\$ 15,509,184</u></u>	<u><u>\$ 15,038,416</u></u>	<u><u>\$ (470,768)</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS - BUDGET AND ACTUAL**  
**ENTERPRISE FUND**  
**SOLID WASTE MANAGEMENT FUND**  
**Year Ended June 30, 2010**

	Original and Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 3,642,400	\$ 3,714,950	\$ 72,550
<b>OPERATING EXPENSES</b>			
Administration	\$ 734,004	\$ 718,716	\$ 15,288
Operations	3,351,196	3,345,793	5,403
Depreciation	85,000	66,578	18,422
Total Operating Expenses	<u>\$ 4,170,200</u>	<u>\$ 4,131,087</u>	<u>\$ 39,113</u>
Operating Loss	<u>\$ (527,800)</u>	<u>\$ (416,137)</u>	<u>\$ 111,663</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Miscellaneous Revenue	\$ 850	\$ 27	\$ (823)
Interest Expense		(520)	(520)
Total Nonoperating Revenues (Expenses)	<u>\$ 850</u>	<u>\$ (493)</u>	<u>\$ (1,343)</u>
Loss Before Transfers	\$ (526,950)	\$ (416,630)	\$ 110,320
Transfers In	<u>350,000</u>	<u>350,000</u>	
<b>Change in Net Assets</b>	\$ (176,950)	\$ (66,630)	\$ 110,320
<b>Total Net Assets - Beginning</b>	<u>244,045</u>	<u>244,045</u>	
<b>Total Net Assets - Ending</b>	<u><u>\$ 67,095</u></u>	<u><u>\$ 177,415</u></u>	<u><u>\$ 110,320</u></u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES**  
**Year Ended June 30, 2010**

**Court Fines**

Court Fines Collected	\$ 1,132,998
Court Fines Retained by City	<u>(1,132,998)</u>
Court Fines Remitted to State Treasurer	<u>\$</u>

**Court Assessments**

Court Assessments Collected	\$ 1,753,092
Court Assessments Retained by City	<u>(129,390)</u>
Court Assessments Remitted to State Treasurer	<u>\$ 1,623,702</u>

**Court Surcharges**

Court Surcharges Collected	\$ 111,789
Court Surcharges Retained by City	<u>(111,789)</u>
Court Surcharges Remitted to State Treasurer	<u>\$</u>

**Victim Services**

Court Assessments Allocated to Victim Services	\$ 129,390
Court Surcharges Allocated to Victim Services	111,789
Investment Income	<u>572</u>
Total Funds Allocated to Victim Services	\$ 241,751
Victim Services Expenditures	<u>(266,163)</u>
Funds Available for Carryforward From Year Ended June 30, 2010	\$ (24,412)
Funds Carried Forward From Year Ended June 30, 2009	<u>50,657</u>
Funds Available for Carryforward at June 30, 2010	<u>\$ 26,245</u>

**STATISTICAL**



## STATISTICAL SECTION

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

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

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

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

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

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

**Schedule 1**

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

	Fiscal Year		
	2003	2004	2005
<b>Governmental Activities</b>			
Invested in Capital Assets, Net of Related Debt <sup>(1)</sup>	\$ 16,879,255	\$ 28,513,438	\$ 41,885,142
Restricted	19,544,239	19,990,360	18,832,653
Unrestricted <sup>(2)</sup>	3,206,768	(38,382,577)	(37,813,548)
Total Governmental Activities Net Assets	\$ 39,630,262	\$ 10,121,221	\$ 22,904,247
 <b>Business-Type Activities</b>			
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	\$ 115,103,480	\$ 120,210,043	\$ 125,377,175
 <b>Primary Government</b>			
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	\$ 154,733,742	\$ 130,331,264	\$ 148,281,422

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

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

<sup>(2)</sup> 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.

		Fiscal Year							
		2006	2007	2008	2009	2010			
\$	56,706,374	\$	82,814,567	\$	80,637,852	\$	89,378,581	\$	100,633,044
	18,735,355		20,948,781		19,189,175		15,082,475		14,971,016
	(29,804,581)		(20,442,305)		(8,786,494)		(10,704,869)		(11,955,064)
\$	<u>45,637,148</u>	\$	<u>83,321,043</u>	\$	<u>91,040,533</u>	\$	<u>93,756,187</u>	\$	<u>103,648,996</u>

\$	92,853,491	\$	111,244,256	\$	113,617,180	\$	115,610,693	\$	120,443,730
	662,576		690,813		1,149,853		718,588		736,834
	17,928,546		19,320,470		20,292,291		18,148,941		12,934,193
\$	<u>111,444,613</u>	\$	<u>131,255,539</u>	\$	<u>135,059,324</u>	\$	<u>134,478,222</u>	\$	<u>134,114,757</u>

\$	149,559,865	\$	194,058,823	\$	194,255,032	\$	204,989,274	\$	221,076,774
	19,397,931		21,639,594		20,339,028		15,801,063		15,707,850
	(11,876,035)		(1,121,835)		11,505,797		7,444,072		979,129
\$	<u>157,081,761</u>	\$	<u>214,576,582</u>	\$	<u>226,099,857</u>	\$	<u>228,234,409</u>	\$	<u>237,763,753</u>

**Schedule 2**

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

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

**UNAUDITED**

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

**Schedule 2 (Continued)**

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

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

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

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

<sup>(2)</sup> 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.

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

<sup>(4)</sup> 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.

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

**Schedule 3**

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

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental Activities</b>			
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>
<b>Business-Type Activities</b>			
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>
<b>Total Primary Government</b>	<u>\$ 44,583,004</u>	<u>\$ 55,073,230</u>	<u>\$ 59,229,041</u>

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



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

**Schedule 4**

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

**Last Ten Fiscal Years**

*(Modified Accrual Basis of Accounting)*

	Fiscal Year			
	2001	2002	2003	2004
<b>General Fund</b>				
Reserved	\$ 134,944	\$ 240,079	\$ 242,960	\$ 561,289
Unreserved	4,229,143	4,796,913	4,972,246	7,139,307
Total General Fund	<u>\$ 4,364,087</u>	<u>\$ 5,036,992</u>	<u>\$ 5,215,206</u>	<u>\$ 7,700,596</u>
 <b>All Other Governmental Funds</b>				
Reserved	\$ 19,409,200	\$ 24,446,057	\$ 19,141,998	\$ 21,009,691
Unreserved, Reported in:				
Special Revenue Funds	4,699,615	8,181,281	3,889,821	2,467,875
Capital Projects Fund	3,709,841	1,922,803	1,723,386	3,631,201
Total All Other Governmental Funds	<u>\$ 27,818,656</u>	<u>\$ 34,550,141</u>	<u>\$ 24,755,205</u>	<u>\$ 27,108,767</u>

Fiscal Year

	2005	2006	2007	2008	2009	2010
\$	512,675	\$ 528,143	\$ 480,859	\$ 451,666	\$ 484,712	\$ 488,065
	8,289,063	8,737,119	11,412,355	11,730,439	10,105,240	7,477,418
\$	<u>8,801,738</u>	<u>\$ 9,265,262</u>	<u>\$ 11,893,214</u>	<u>\$ 12,182,105</u>	<u>\$ 10,589,952</u>	<u>\$ 7,965,483</u>
\$	16,028,128	\$ 19,787,328	\$ 34,746,321	\$ 22,140,271	\$ 16,770,527	\$ 18,057,652
	964,710	625,316	4,703,531	3,141,955	(846,169)	394,897
	4,729,013	8,409,694	4,451,785	13,612,743	13,494,243	12,579,733
\$	<u>21,721,851</u>	<u>\$ 28,822,338</u>	<u>\$ 43,901,637</u>	<u>\$ 38,894,969</u>	<u>\$ 29,418,601</u>	<u>\$ 31,032,282</u>

**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			
	2001	2002	2003	2004
<b>Revenues</b>				
Property Taxes	\$ 14,918,347	\$ 15,535,331	\$ 15,943,052	\$ 16,551,980
Local Accommodations Taxes		421,712	1,615,896	1,715,805
Hospitality Fees	6,454,459	6,668,179	6,767,640	7,334,838
Storm Water Fees	1,043,866	1,083,956	1,055,727	1,128,407
Local Option Tourism Fees				
Licenses and Permits	13,569,588	14,496,531	15,284,365	16,809,981
Fines and Forfeitures	2,129,332	1,946,785	1,924,562	2,250,250
Intergovernmental	8,607,179	8,405,801	9,829,233	9,729,686
Charges for Services	3,048,250	3,176,665	3,142,227	3,213,206
Miscellaneous	3,011,428	2,463,923	2,618,212	3,837,285
Total Revenues	<u>\$ 52,782,449</u>	<u>\$ 54,198,883</u>	<u>\$ 58,180,914</u>	<u>\$ 62,571,438</u>
<b>Expenditures</b>				
Current:				
General Government	\$ 4,433,284	\$ 4,168,308	\$ 4,526,805	\$ 7,947,348
Public Safety	18,759,935	20,187,425	21,109,151	21,940,883
Transportation	2,426,097	2,621,063	5,496,199	3,007,219
Community and Economic Development	3,689,431	4,031,191	6,284,247	5,971,795
Culture and Recreation	8,850,920	9,835,411	9,990,249	10,524,012
Public Works	1,024,495	1,025,378	1,044,962	1,074,709
Hurricane Preparedness	27,311	22,422		
Capital Outlay	6,173,838	13,920,742	15,699,085	15,726,835
Debt Service:				
Principal	2,806,445	2,946,817	2,723,822	3,325,601
Interest and Fiscal Charges	2,245,490	2,110,265	2,512,114	2,499,941
Bond Issuance Costs		231,497	299,776	1,869,131
Payment to Escrow Agent			1,843,872	361,493
Total Expenditures	<u>\$ 50,437,246</u>	<u>\$ 61,100,519</u>	<u>\$ 71,530,282</u>	<u>\$ 74,248,967</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,345,203</u>	<u>\$ (6,901,636)</u>	<u>\$ (13,349,368)</u>	<u>\$ (11,677,529)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ 14,876,849	\$ 15,386,569	\$ 19,422,082	\$ 21,386,430
Transfers Out	(15,451,800)	(14,934,015)	(20,321,294)	(22,358,005)
Proceeds From Borrowing		13,749,783	4,112,569	59,882,006
Proceeds From Refunding			6,628,855	4,821,230
Payment to Escrow Agent			(6,463,232)	(4,775,297)
Sale of Capital Assets	112,840	103,689	147,123	4,100
Total Other Financing Sources (Uses)	<u>\$ (462,111)</u>	<u>\$ 14,306,026</u>	<u>\$ 3,526,103</u>	<u>\$ 58,960,464</u>

**UNAUDITED**

		Fiscal Year									
		2005	2006	2007	2008	2009	2010				
\$	16,857,489	\$	19,673,810	\$	20,746,700	\$	23,216,684	\$	29,015,342	\$	27,416,733
	1,750,012		1,781,272		1,850,628		1,946,018		1,813,785		1,832,395
	7,716,371		8,074,246		8,348,376		8,678,672		8,222,570		8,283,197
	1,184,488		1,211,924		1,250,928		1,276,753		1,552,585		1,569,986
											14,195,983
	19,920,457		23,188,731		25,518,446		25,070,983		22,323,790		21,228,785
	2,344,080		2,282,006		1,762,358		1,623,642		1,851,103		1,841,296
	11,200,217		17,817,520		15,100,856		11,300,877		11,655,581		14,148,733
	3,497,092		3,846,763		4,033,761		4,313,817		4,493,502		4,448,104
	4,192,709		5,186,358		6,870,075		7,688,050		4,271,439		11,929,100
\$	<u>68,662,915</u>	\$	<u>83,062,630</u>	\$	<u>85,482,128</u>	\$	<u>85,115,496</u>	\$	<u>85,199,697</u>	\$	<u>106,894,312</u>
\$	7,282,506	\$	9,555,366	\$	9,696,471	\$	12,465,011	\$	12,949,430	\$	12,402,953
	23,170,735		25,409,173		26,431,765		27,845,760		30,229,155		30,753,182
	3,078,302		3,334,165		3,768,054		4,238,826		4,388,767		5,107,803
	4,948,187		5,767,752		5,800,482		6,622,112		7,070,253		19,257,564
	11,569,589		12,177,294		17,717,319		14,566,336		15,085,928		14,843,882
	1,148,640		1,222,358		1,215,074		1,418,502		1,536,728		1,477,446
	15,291,296		27,117,413		25,249,606		26,681,432		14,205,845		23,560,905
	3,882,363		4,468,925		3,909,406		4,444,163		6,952,501		5,242,898
	5,436,004		5,196,919		6,594,514		7,567,295		8,158,842		7,887,970
	130,301		241,372		1,459,150		302,618				416,512
											1,367,000
\$	<u>75,937,923</u>	\$	<u>94,490,737</u>	\$	<u>101,841,841</u>	\$	<u>106,152,055</u>	\$	<u>100,577,449</u>	\$	<u>122,318,115</u>
\$	<u>(7,275,008)</u>	\$	<u>(11,428,107)</u>	\$	<u>(16,359,713)</u>	\$	<u>(21,036,559)</u>	\$	<u>(15,377,752)</u>	\$	<u>(15,423,803)</u>
\$	19,871,393	\$	21,959,087	\$	24,997,275	\$	21,143,338	\$	21,526,309	\$	22,411,692
	(20,747,181)		(22,886,382)		(26,139,621)		(20,906,948)		(21,681,709)		(22,463,392)
	3,865,022		19,919,413		35,209,310		16,082,392		4,437,440		14,234,034
											10,037,469
											(9,820,624)
									27,191		13,836
\$	<u>2,989,234</u>	\$	<u>18,992,118</u>	\$	<u>34,066,964</u>	\$	<u>16,318,782</u>	\$	<u>4,309,231</u>	\$	<u>14,413,015</u>

**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			
	2001	2002	2003	2004
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 1,883,092	\$ 7,404,390	\$ (9,823,265)	\$ 47,282,935
Extraordinary Item Payment to Component Unit <sup>(1)</sup>				(42,443,983)
<b>Net Change in Fund Balances</b>	<b>\$ 1,883,092</b>	<b>\$ 7,404,390</b>	<b>\$ (9,823,265)</b>	<b>\$ 4,838,952</b>
Debt Service as a Percentage of Noncapital Expenditures <sup>(2)</sup>	11.41%	10.72%	9.38%	9.95%

**Notes:**

<sup>(1)</sup> 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.

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

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ (4,285,774)	\$ 7,564,011	\$ 17,707,251	\$ (4,717,777)	\$ (11,068,521)	\$ (1,010,788)
<u>\$ (4,285,774)</u>	<u>\$ 7,564,011</u>	<u>\$ 17,707,251</u>	<u>\$ (4,717,777)</u>	<u>\$ (11,068,521)</u>	<u>\$ (1,010,788)</u>
<u>15.37%</u>	<u>14.35%</u>	<u>13.71%</u>	<u>15.11%</u>	<u>17.50%</u>	<u>13.30%</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			
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
2008	321,477	60,927	382,404	61.40	7,648,099	5
2009	362,622	64,650	427,272	64.40	8,650,440	5
2010	388,933	58,741	447,674	62.90	8,953,480	5

**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
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
2008	50.70	7.30	3.40	61.40	46.60	143.30	0.70
2009	53.70	7.30	3.40	64.40	46.60	143.30	0.70
2010	52.20	7.30	3.40	62.90	46.60	143.30	0.70

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 2010	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developers	\$ 17,283,479	3.86 %
Broadway at the Beach, Inc.	Retail, Restaurants & Amusement	4,385,100	0.98
Marriott Ownership Resort, Inc.	Real Estate & Accommodations	3,853,080	0.86
Luk-MB1, LLC	Real Estate Developers	3,227,358	0.72
Anderson Ocean Club Dev., LLC	Real Estate & Accommodations	3,024,814	0.68
Bluegreen Vacations Unlimited, Inc.	Real Estate & Accommodations	2,613,522	0.58
Grand Strand Regional Medical Center	Hospital	2,393,676	0.53
Coastal Grand, LLC	Retail	2,229,420	0.50
Columbia Properties MB, LLC	Real Estate & Accommodations	2,213,724	0.49
Dunes Village Properties, LLC	Real Estate & Accommodations	2,037,720	0.46
		<u>\$ 43,261,893</u>	<u>9.66 %</u>

Taxpayer	Type of Business	Fiscal Year 2001	
		Assessed Value	Percentage of Total Assessed Value
Myrtle Beach Farms Company, Inc.	Real Estate Developers	\$ 14,351,340	6.21 %
AVX Corporation	Manufacturer	7,279,106	3.15
Broadway at the Beach, Inc.	Retail, Restaurants & Amusement	4,253,124	1.84
Grand Strand Regional Medical Center	Hospital	4,059,727	1.75
Justice, Inc.	Real Estate & Accommodations	3,827,614	1.66
Sea Mist Association	Real Estate & Accommodations	1,956,681	0.85
Patricia Grand Resort Hotel, LLC	Real Estate & Accommodations	1,877,496	0.81
Landmark Associates	Real Estate & Accommodations	1,824,600	0.79
Coral Beach Resort	Real Estate & Accommodations	1,081,500	0.47
Ocean Front Investors, Inc.	Real Estate & Accommodations	921,012	0.40
		<u>\$ 41,432,200</u>	<u>17.93 %</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 <sup>(1)</sup>	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 13,558,536	\$ 13,010,856	95.96 %	\$ 460,592	\$ 13,471,448	99.36 %
2002	14,436,279	13,872,611	96.10	480,707	14,353,318	99.43
2003	13,789,818	13,322,811	96.61	362,112	13,684,923	99.24
2004	15,765,247	15,161,238	96.17	484,489	15,645,727	99.24
2005	16,662,013	16,110,868	96.69	416,047	16,526,915	99.19
2006	17,633,069	16,527,735	93.73	941,833	17,469,568	99.07
2007	19,268,131	18,259,999	94.77	801,984	19,061,983	98.93
2008	21,636,674	20,712,013	95.73	626,774	21,338,787	98.62
2009	26,620,334	24,606,550	92.44	1,377,945	25,984,495	97.61
2010	28,664,536	26,620,334	92.87		26,620,334	92.87

**Sources:** Horry County Treasurer and City Finance Department

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

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

**UNAUDITED**

**Schedule 10**

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

Fiscal Year	Water			Percentage Billed	Sewer	Number of Customers
	Gallons Produced / Purchased <sup>(1)</sup>	Gallons Billed	Gallons Unbilled		Gallons Billed	
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
2008	5,410,470	3,794,090	1,616,380	70.12	2,978,891	17,012
2009	4,803,692	3,556,891	1,246,801	74.04	2,868,466	16,579
2010	4,371,075	3,582,817	788,258	81.97	2,841,570	16,087

**Source:** City Water and Sewer Department

**Notes:** Gallons are presented in thousands.

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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.

Total Direct Rate

Water		Sewer	
Base Rate <sup>(2)</sup>	Usage Rate <sup>(3)</sup>	Base Rate <sup>(2)</sup>	Usage Rate <sup>(3)</sup>
\$ 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
2.43	2.56	2.41	2.34
2.43	2.56	2.60	2.53
2.43	2.56	2.60	2.53

**Schedule 11**

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

	Fiscal Year			
	2001	2002	2003	2004
<b>Water Rates (Inside City Limits)</b>				
Base Rate ( <i>meter size</i> )				
3/4" - 5/8"	\$ 8.88	\$ 9.24	\$ 9.60	\$ 9.92
1"	17.76	18.48	19.20	19.84
1 1/2"	33.30	34.65	36.00	37.20
2"	44.40	46.20	48.00	49.60
3"	111.00	115.50	120.00	124.00
4"	222.00	231.00	240.00	248.00
6"	666.00	693.00	720.00	744.00
Usage Rate ( <i>per 1,000 gallons</i> )				
Up to 4,000 gallons	2.22	2.31	2.40	2.48
5,000 to 30,000 gallons	2.22	2.31	2.40	2.48
31,000 gallons and over	2.22	2.31	2.40	2.48
<b>Water Rates (Outside City Limits)</b>				
Base Rate ( <i>meter size</i> )				
3/4" - 5/8"	17.76	18.48	19.20	19.84
1"	35.52	36.96	38.40	39.68
1 1/2"	66.60	69.30	72.00	74.40
2"	88.80	92.40	96.00	99.20
3"	222.00	231.00	240.00	248.00
4"	444.00	462.00	480.00	496.00
6"	1,332.00	1,386.00	1,440.00	1,488.00
Usage Rate ( <i>per 1,000 gallons</i> )				
Up to 4,000 gallons	4.44	4.62	4.80	4.96
5,000 to 30,000 gallons	4.44	4.62	4.80	4.96
31,000 gallons and over	4.44	4.62	4.80	4.96
<b>Sewer Rates (Inside City Limits)</b>				
Base Rate ( <i>meter size</i> )				
3/4" - 5/8"	8.76	8.76	8.96	9.36
1"	17.52	17.52	17.92	18.72
1 1/2"	32.85	32.85	33.60	35.10
2"	43.80	43.80	44.80	46.80
3"	109.50	109.50	112.00	117.00
4"	219.00	219.00	224.00	234.00
6"	657.00	657.00	672.00	702.00
Usage Rate ( <i>per 1,000 gallons</i> )				
	2.19	2.19	2.24	2.34
<b>Sewer Rates (Outside City Limits)</b>				
Base Rate ( <i>meter size</i> )				
3/4" - 5/8"	17.52	17.52	17.92	18.72
1"	35.04	35.04	35.84	37.44
1 1/2"	65.70	65.70	67.20	70.20
2"	87.60	87.60	89.60	93.60
3"	219.00	219.00	224.00	234.00
4"	438.00	438.00	448.00	468.00
6"	1,314.00	1,314.00	1,344.00	1,404.00
Usage Rate ( <i>per 1,000 gallons</i> )				
	4.38	4.38	4.48	4.68

Source: City Water and Sewer Department

**UNAUDITED**

Fiscal Year

	2005	2006	2007	2008	2009	2010
\$	10.08	\$ 10.08	\$ 2.43	\$ 2.43	\$ 2.43	\$ 2.43
	20.16	20.16	4.05	4.05	4.05	4.05
	37.80	37.80	8.10	8.10	8.10	8.10
	50.39	50.39	12.96	12.96	12.96	12.96
	125.98	125.98	28.35	28.35	28.35	28.35
	251.97	251.97	40.50	40.50	40.50	40.50
	755.90	755.90	81.00	81.00	81.00	81.00
	2.52	2.52	1.35	1.35	1.35	1.35
	2.52	2.52	2.56	2.56	2.56	2.56
	2.52	2.52	2.89	2.89	2.89	2.89
	20.16	20.16	4.86	4.86	4.86	4.86
	40.32	40.32	8.10	8.10	8.10	8.10
	75.60	75.60	16.20	16.20	16.20	16.20
	100.80	100.80	25.92	25.92	25.92	25.92
	252.00	252.00	56.70	56.70	56.70	56.70
	504.00	504.00	81.00	81.00	81.00	81.00
	1,512.00	1,512.00	162.00	162.00	162.00	162.00
	5.04	5.04	2.70	2.70	2.70	2.70
	5.04	5.04	5.12	5.12	5.12	5.12
	5.04	5.04	5.78	5.78	5.78	5.78
	9.52	9.52	2.41	2.41	2.60	2.60
	19.02	19.02	4.02	4.02	4.34	4.34
	35.66	35.66	8.03	8.03	8.67	8.67
	47.55	47.55	12.85	12.85	13.88	13.88
	118.87	118.87	28.12	28.12	30.37	30.37
	237.74	237.74	40.17	40.17	43.38	43.38
	713.23	713.23	80.33	80.33	86.76	86.76
	2.38	2.38	2.34	2.34	2.53	2.53
	19.04	19.04	4.82	4.82	5.20	5.20
	38.08	38.08	8.04	8.04	8.68	8.68
	71.40	71.40	16.06	16.06	17.34	17.34
	95.20	95.20	25.70	25.70	27.76	27.76
	238.00	238.00	56.24	56.24	60.74	60.74
	476.00	476.00	80.34	80.34	86.76	86.76
	1,428.00	1,428.00	160.66	160.66	173.52	173.52
	4.76	4.76	4.68	4.68	5.06	5.06

**Schedule 12**

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

Customer	Fiscal Year 2010			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
Felcor-Hilton	\$ 266,892	2.25 %	\$ 217,325	2.33 %
Myrtle Beach Travel Park	201,762	1.70	177,129	1.90
AVX Corporation	112,248	0.94	68,905	0.74
Grand Strand Regional Medical Center	94,030	0.79	67,469	0.72
Dunes Village	85,274	0.72	74,873	0.80
Mariott Grand Dunes	84,997	0.72	66,300	0.71
Apache Family Campground	74,024	0.62	65,303	0.70
The Margate Tower	73,446	0.62	64,797	0.70
Myrtle Beach Mall	72,827	0.61	64,239	0.69
Seawatch Plantation	67,666	0.57	59,737	0.64
	<u>\$ 1,133,166</u>	<u>9.54 %</u>	<u>\$ 926,077</u>	<u>9.93 %</u>

Customer	Fiscal Year 2001			
	Water Revenue		Sewer Revenue	
	Amount	Percentage of Total Water Revenue	Amount	Percentage of Total Sewer Revenue
City of North Myrtle Beach	\$ 2,579,341	20.40 %	\$	%
Felcor-Hilton	195,442	1.55	186,154	2.23
Myrtle Beach Travel Park	145,220	1.15	144,540	1.73
Wyndham Myrtle Beach Resort	94,216	0.75	70,960	0.85
Apache Family Campground	67,622	0.53	67,452	0.81
Sands Property Homeowners #2	62,765	0.50	62,152	0.74
Sands Property Homeowners #1	64,722	0.51	60,137	0.72
Grand Strand Regional Medical Center	63,794	0.50	48,230	0.58
Sands Beach Club II	44,631	0.35	44,369	0.53
Seawatch Plantation	44,506	0.35	44,238	0.53
Maison Sur Mer	55,450		32,732	0.39
	<u>\$ 3,417,709</u>	<u>26.59 %</u>	<u>\$ 760,964</u>	<u>9.11 %</u>

Source: City Water and Sewer Department

UNAUDITED



**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
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
2008	51,460,000	16,430,000	37,307,882	10,119,706	49,660,000	2,897,500	6,761,379
2009	48,135,000	15,210,000	39,584,835	9,727,881	49,660,000	2,897,500	4,978,682
2010	45,780,000	12,840,000	50,434,821	12,053,225	49,660,000	1,947,500	5,087,663

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

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

**UNAUDITED**

<u>Business-Type Activities</u>					
	<u>Water and Sewer Revenue Bonds</u>	<u>Certificates of Participation</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income <sup>(1)</sup></u>	<u>Per Capita <sup>(1)</sup></u>
\$	43,395,000	\$ 9,610,000	\$ 95,215,317	12.31 %	\$ 3,086
	51,383,279	9,250,000	113,526,780	14.35	3,680
	49,575,959	8,875,000	114,450,493	14.23	3,710
	46,372,299	8,485,000	168,077,736	20.42	5,448
	41,568,571	8,075,000	163,505,075	18.99	5,300
		7,650,000	136,368,903	15.13	4,420
		7,205,000	166,861,500	17.49	5,408
	11,710,000	6,745,000	193,091,467	19.60	6,259
	11,710,000	6,265,000	188,168,898	18.77	6,099
	11,710,000	5,760,000	195,273,209	19.90	6,329

**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 <sup>(1)</sup>	Per Capita <sup>(2)</sup>
	General Obligation Bonds	Debt Service Funds Available	Net General Bonded Debt		
2001	\$ 13,640,000	\$ 998,398	\$ 12,641,602	0.27 %	\$ 410
2002	26,115,000	442,469	25,672,531	0.54	832
2003	24,515,000	589,117	23,925,883	0.49	776
2004	34,220,000	828,308	33,391,692	0.67	1,082
2005	32,400,000	546,585	31,853,415	0.65	1,032
2006	42,365,000	998,652	41,366,348	0.73	1,341
2007	40,795,000	1,752,836	39,042,164	0.64	1,265
2008	51,460,000	2,953,599	48,506,401	0.63	1,572
2009	48,135,000	884,164	47,250,836	0.55	1,531
2010	45,780,000	2,093,066	43,686,934	0.49	1,416

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

<sup>(1)</sup> See Schedule 6 for property value data.

<sup>(2)</sup> See Schedule 18 for population data.

**Schedule 15**

**CITY OF MYRTLE BEACH, SOUTH CAROLINA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
June 30, 2010**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(1)</sup></u>	<u>Estimated Share of Overlapping Debt and Direct Debt</u>
<b>Overlapping Governmental Activities Debt</b>			
Horry County:			
General Obligation Bonds	\$ 122,175,000	22.0%	\$ 26,878,500
Horry County School District:			
General Obligation Bonds	412,640,000	22.0%	<u>90,780,800</u>
Total Overlapping Governmental Activities Debt			\$ 117,659,300
<b>City Direct Governmental Activities Debt</b>			<u>177,803,209</u>
<b>Total Direct and Overlapping Governmental Activities Debt</b>			<u><u>\$ 295,462,509</u></u>

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

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

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

**UNAUDITED**

**Schedule 16**

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

	Fiscal Year			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt Limit	\$ 18,759,582	\$ 19,262,342	\$ 19,663,652	\$ 20,140,066
Total Net Debt Applicable to Debt Limit	<u>(13,640,000)</u>	<u>(14,945,000)</u>	<u>(13,595,000)</u>	<u>(12,365,000)</u>
Legal Debt Margin	<u>\$ 5,119,582</u>	<u>\$ 4,317,342</u>	<u>\$ 6,068,652</u>	<u>\$ 7,775,066</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>72.71%</u>	<u>77.59%</u>	<u>69.14%</u>	<u>61.40%</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.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 20,004,876	\$ 22,560,818	\$ 30,864,883	\$ 30,864,883	\$ 34,454,323	\$ 36,086,483
(10,820,000)	(11,705,000)	(10,750,000)	(22,050,000)	(19,635,000)	(18,230,000)
<u>\$ 9,184,876</u>	<u>\$ 10,855,818</u>	<u>\$ 20,114,883</u>	<u>\$ 8,814,883</u>	<u>\$ 14,819,323</u>	<u>\$ 17,856,483</u>
<u>54.09%</u>	<u>51.88%</u>	<u>34.83%</u>	<u>71.44%</u>	<u>56.99%</u>	<u>50.52%</u>

Legal Debt Margin Calculation:

Assessed Value of Taxable Property	\$ 447,674,000
Exempt Merchants Inventory (1987 Valuation)	3,407,035
Adjusted Assessed Value of Taxable Property	<u>\$ 451,081,035</u>

Debt Limit (8.0% of Adjusted Assessed Value) \$ 36,086,483

Debt Applicable to Limit:

General Obligation Bonds	(45,780,000)
Bonds Issued Under Referendum	<u>27,550,000</u>

Legal Debt Margin \$ 17,856,483

**Schedule 17**

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

Fiscal Year	Water and Sewer Revenue Bonds						Coverage
	Operating Revenues <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service			
				Principal	Interest		
2001	\$ 23,536,672	\$ 11,698,624	\$ 11,838,048	\$ 4,020,000	\$ 2,435,660	1.83	
2002	22,662,836	11,461,140	11,201,696	4,205,000	2,244,180	1.74	
2003	25,208,710	12,556,276	12,652,434	4,760,233	2,021,117	1.87	
2004	25,385,506	13,761,641	11,623,865	5,198,692	2,324,444	1.55	
2005	27,078,842	13,284,569	13,794,273	5,418,555	2,113,443	1.83	
2006	28,930,884	13,510,646	15,420,238	2,394,844	2,113,118	3.42	
2007	25,601,227	19,834,291	5,766,936	0	0	N/A	
2008	24,345,555	20,869,473	3,476,082	0	101,273	34.32	
2009	21,826,203	21,160,184	666,019	0	506,363	1.32	
2010	21,819,786	19,917,775	1,902,011	0	506,362	3.76	

Fiscal Year	Hospitality Fee Revenue Bonds <sup>(3)</sup>				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	
2008	8,678,672	0	2,545,325	3.41	
2009	8,222,570	0	2,545,325	3.23	
2010	8,283,197	0	2,545,325	3.25	

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

<sup>(1)</sup> Operating revenues include impact fee capital contributions and unrestricted interest earnings.

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

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

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

Tax Increment Revenue Bonds

Property Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 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
2,318,289	1,110,000	1,738,220	0.81
5,210,870	1,165,000	1,682,720	1.83
3,601,569	0	1,851,153	1.95

Storm Water Revenue Bonds <sup>(4)</sup>

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



**Schedule 18**

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

<u>Calendar Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Personal Income (Thousands of Dollars)</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2000	30,852	\$ 25,081	\$ 773,799	36.9	3.76 %
2001	30,852	25,648	791,292	35.8	4.86
2002	30,852	26,069	804,280	36.0	5.48
2003	30,852	26,684	823,254	36.2	4.64
2004	30,852	27,903	860,863	36.4	6.00
2005	30,852	29,223	901,587	36.7	5.30
2006	30,852	30,927	954,159	36.9	5.40
2007	30,852	31,925	984,950	37.1	5.20
2008	30,852	32,495	1,002,535	37.4	5.80
2009	30,852	31,799	981,062	37.6	9.56

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

**UNAUDITED**

**Schedule 19**

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

Employer	Type of Business	Calendar Year 2009	
		Employees	Percentage of Total County Employment
Horry County School District	Education	4,419	3.18 %
Horry County Government	County Government	2,330	1.68
Wal-Mart	Retail Sales	2,061	1.48
Coastal Carolina University	Education	1,292	0.93
Conway Hospital	Hospital	1,250	0.90
Grand Strand Regional Medical Center	Hospital	1,200	0.86
Myrtle Beach National	Golf Courses and Accommodations	980	0.71
City of Myrtle Beach	Municipal Government	902	0.65
Loris Community Hospital	Hospital	900	0.65
Blue Cross/Blue Shield	Health Insurance	827	0.60
		<u>16,161</u>	<u>11.64 %</u>

Employer	Type of Business	Calendar Year 2000	
		Employees	Percentage of Total County Employment
Horry County School District	Education	3,900	3.43 %
Wal-Mart	Retail Sales	1,702	1.50
AVX Corporation	Manufacturer	1,515	1.33
Horry County Government	County Government	1,425	1.25
Myrtle Beach National	Golf Courses and Accommodations	1,000	0.88
Conway Hospital	Hospital	1,000	0.88
Blue Cross/Blue Shield	Health Insurance	960	0.84
Grand Strand Regional Medical Center	Hospital	950	0.84
Loris Community Hospital	Hospital	821	0.72
City of Myrtle Beach	Municipal Government	800	0.70
		<u>14,073</u>	<u>12.37 %</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.

**UNAUDITED**

**Schedule 20**

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

	As of June 30,			
	2001	2002	2003	2004
<b>Full-Time Equivalent Employees</b>				
General Government	70	70	68	70
Public Safety	353	353	361	362
Transportation	28	28	26	26
Community and Economic Development	26	26	26	26
Culture and Recreation	114	117	125	127
Public Works	27	27	27	27
Water	53	51	51	52
Sewer	58	57	56	56
Municipal Golf Course	16	16	16	15
Solid Waste Management	35	30	30	30
<b>Total Full-Time Equivalent Employees</b>	<b>780</b>	<b>775</b>	<b>786</b>	<b>791</b>

**Source:** City Finance Department

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

**UNAUDITED**

As of June 30,

2005	2006	2007	2008	2009	2010
71	72	76	87	90	89
385	395	400	400	426	422
26	27	25	25	25	18
27	30	29	29	29	27
136	136	134	137	144	136
27	27	27	30	26	25
52	52	31	30	27	29
56	56	32	27	27	26
15	15	14	14	16	15
30	30	30	30	30	30
<u>825</u>	<u>840</u>	<u>798</u>	<u>809</u>	<u>840</u>	<u>817</u>

**Schedule 21**

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

	Fiscal Year			
	2001	2002	2003	2004
<b>General Government</b>				
New Business Licenses Issued	959	995	1,023	1,553
<b>Public Safety</b>				
Calls for Services - Police	85,412	84,964	93,739	97,775
Total Arrests	26,360	29,052	33,246	33,901
Fire Calls per Engine Company	433	379	348	386
<b>Transportation</b>				
Square Yards of City Streets Resurfaced	85,887	95,491	68,635	68,432
<b>Community and Economic Development</b>				
Building Permits Issued	2,301	794	2,759	2,309
<b>Culture and Recreation</b>				
Admissions to Recreation Centers	89,261	93,719	85,796	88,250
Exhibition Hall Occupancy Percentage	56%	56%	54%	62%
Number of Library Volumes	97,161	79,190	74,454	72,232
<b>Water</b>				
Average Daily Consumption ( <i>thousands of gallons</i> )	13,677	13,925	14,402	13,602
<b>Sewer</b>				
Average Daily Treatment ( <i>thousands of gallons</i> )	8,250	8,087	8,037	9,320
<b>Municipal Golf Course</b>				
Number of Rounds Played	45,692	33,115	41,395	36,408
<b>Solid Waste Management</b>				
Tons of Refuse Collected	*	21,080	18,407	17,526

**Sources:** Various City departments

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

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

\* Information not available.

**UNAUDITED**

Fiscal Year					
2005	2006	2007	2008	2009	2010
1,626	1,470	1,361	1,234	1,403	1,094
101,488	102,482	102,670	107,136	117,116	141,191
35,529	34,517	37,817	39,436	26,322	27,020
408	339	368	364	346	301
.					
48,273	32,230	39,860	40,000	39,000	31,920
3,407	4,525	4,516	5,121	2,966	2,986
41,899 <sup>(1)</sup>	147,397	180,272	177,910	209,326	217,125
67%	73%	67%	66%	66%	63%
79,440	79,298	77,089	77,089	84,116	87,961
13,742	13,328	10,555	10,395	9,745	9,816
8,690	8,316	8,229	8,161	7,859	7,785
39,025	41,928	46,621	45,633	40,236	32,989
20,179	17,711	29,129	27,931	27,689	27,937

Schedule 22

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

	Fiscal Year			
	2001	2002	2003	2004
<b>Public Safety</b>				
Police Stations	1	2	2	2
Fire Stations	5	5	5	5
<b>Transportation</b>				
Streets ( <i>miles</i> )	100	100	100	102
Traffic Signals	45	51	54	57
<b>Culture and Recreation</b>				
Parks	31	31	31	31
Park Acreage	180	180	180	180
Recreation Centers	3	3	3	3
Libraries	1	1	1	1
Cemeteries	2	2	2	2
<b>Water</b>				
Water Mains ( <i>miles</i> )	321	331	332	333
<b>Sewer</b>				
Gravity Sewers ( <i>miles</i> )	188	194	195	205
Storm Sewers ( <i>miles</i> )	37	52	53	57
<b>Baseball Stadium</b>				
Baseball Stadiums	1	1	1	1
<b>Municipal Golf Course</b>				
Number of Championship Holes	18	18	18	18
<b>Solid Waste Management</b>				
Transfer Stations	1	1	1	1
Collection Trucks	26	26	26	26

**Sources:** Various City departments

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

Fiscal Year

2005	2006	2007	2008	2009	2010
2	2	3	3	3	3
5	6	6	6	6	6
102	103	126	127	130	130
60	62	64	70	70	70
37	37	37	37	45	45
332	332	332	332	653	653
3	3	3	3	4	4
1	1	1	1	1	1
2	2	2	2	2	2
336	341	350	372	375	375
206	206	214	219	219	230
58	58	65	126	141	151
1	1	1	1	1	1
18	18	18	18	18	18
1	1	1	1	1	1
26	26	26	26	26	26



# **SINGLE AUDIT**

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2010**

<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>
<b>U.S. Department of Housing and Urban Development:</b>			
Community Development Block Grant	14.218	B-06-MC-4500100 B-07-MC-4500100 B-08-MC-4500100	\$ 6,206 16,889 22,815
Passed Through Horry County Government:			
Community Development Block Grant	14.218	B-08-UC-45-006 B-09-UC-45-006	210,251 129,315
ARRA - Community Development Block Grant	14.218	B-09-UY-45-006	245,800
Total U.S. Department of Housing and Urban Development			<u>\$ 631,276</u>
<b>U.S. Department of Justice:</b>			
Bulletproof Vest Partnership Grant	16.607	00001903	\$ 13,382
Public Safety Partnership and Community Policing Grant	16.710	2008UMWX0012	77,230
ARRA - Public Safety Partnership and Community Policing Grant	16.710	2009RKWX0760	95,610
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-1299	58,057
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	2009-SB-B9-1208	238,477
Passed Through the State Department of Public Safety:			
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	1GS09121	5,495
Total U.S. Department of Justice			<u>\$ 488,251</u>
<b>U.S. Department of Transportation:</b>			
Passed Through the State Department of Transportation:			
Highway Planning and Construction Grant	20.205	26L20GSAT(002) 26Q22MP060 18	\$ 247,686 120
Passed Through the State Department of Public Safety:			
State and Community Highway Safety Grant	20.600	2JC09015 2JC10015	3,340 22,819
Total U.S. Department of Transportation			<u>\$ 273,965</u>

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2010**

<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>
<b>U.S. Small Business Administration:</b>			
Congressional Mandated Award	59.000	SBAHQ-09-I-0066	\$ <u>950,000</u>
<b>U.S. Environmental Protection Agency:</b>			
Congressionally Mandated Projects Grant	66.202	XP-96406004-3	\$ 966,795
Passed Through the State Budget and Control Board:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	S1-130-09-494-07	704,795
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	S1-130-09-494-07	<u>1,519,052</u>
Total U.S. Environmental Protection Agency			\$ <u>3,190,642</u>
<b>U.S. Department of Homeland Security:</b>			
Assistance to Firefighters Grant	97.044	EMW-2007-FF-00289	\$ 523,286
Passed Through the State Department of Natural Resources:			
Flood Mitigation Assistance Grant	97.029	FMA-04-SC-2008	26,895
Passed Through the State Emergency Management Division:			
Pre-Disaster Mitigation Grant	97.047	LPDM-PJ-04-SC-2008-003	<u>153,801</u>
Total U.S. Department of Homeland Security			\$ <u>703,982</u>
<b>Total Expenditures of Federal Awards</b>			\$ <u><u>6,238,116</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.



**SMITH  
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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, 2010, which collectively comprise the City of Myrtle Beach, South Carolina's basic financial statements and have issued our report thereon dated November 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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South Carolina Association of Certified Public Accountants  
American Institute of Certified Public Accountants - Private Companies Practice Section  
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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 24, 2010.

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 24, 2010



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

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

Compliance

We have audited the City of Myrtle Beach, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Myrtle Beach, South Carolina's major federal programs for the year ended June 30, 2010. The City of Myrtle Beach, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Myrtle Beach, South Carolina's management. Our responsibility is to express an opinion on the City of Myrtle Beach, South Carolina's compliance based on our audit.

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

In our opinion, the City of Myrtle Beach, South Carolina complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-1 to be a material weakness.

The City of Myrtle Beach, South Carolina's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Myrtle Beach, South Carolina's response and, accordingly, we express no opinion on the response.

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 24, 2010

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2010**

**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. One material weakness relating to the audit of the major federal award programs is reported in the report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs of the City of Myrtle Beach, South Carolina expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs were:
  - U.S. Department of Housing and Urban Development, Community Development Block Grant - CFDA No. 14.218
  - U.S Small Business Administration, Congressional Mandated Award - CFDA No. 59.000
  - U.S. Environmental Protection Agency, Congressionally Mandated Projects Grant - CFDA No. 66.202
  - U.S. Environmental Protection Agency, Capitalization Grants for Clean Water State Revolving Funds - CFDA No. 66.458
  - U.S. Department of Homeland Security, Assistance to Firefighters Grant - CFDA No. 97.044
8. The threshold used for distinguishing between type A and B programs was \$300,000.
9. The City of Myrtle Beach, South Carolina was determined to be a low-risk auditee.



**CITY OF MYRTLE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2010**

**Findings - Financial Statement Audit**

None

**Findings and Questioned Costs - Major Federal Award Programs Audit**

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2010-1 Community Development Block Grant - CFDA No. 14.218; Grant Period - Year Ended June 30, 2010

*Material Weakness:* The Community Development Administrator is not consistently denoting on invoices the review / approval of grant expenditures.

*Criteria:* Internal controls should be in place that provide reasonable assurance that grant expenditures are allowable costs.

*Effect:* Because the review / approval of grant expenditures is not occurring on a consistent basis, there is an opportunity for unallowable costs to be charged to the grant which would be subject to being disallowed.

*Population and Items Tested:*

	Number	Dollars
Population Size	101	\$ 631,276
Items Tested	25	452,486
Items Not Denoting Community Development Administrator Review / Approval	5	23,095

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

*Views of Responsible Officials and Planned Corrective Actions:* The City of Myrtle Beach, South Carolina agrees with the finding and the recommended procedures have been implemented.

**CITY OF MYRTLE BEACH, SOUTH CAROLINA**

**CORRECTIVE ACTION PLAN  
Year Ended June 30, 2010**

The City of Myrtle Beach, South Carolina respectfully submits the following corrective action plan for the year ended June 30, 2010.

Name and address of independent public accounting firm: Smith, Sapp, Bookhout, Crumpler & Calliham, P.A. Post Office Box 1528 Myrtle Beach, South Carolina 29578

Audit Period: July 1, 2009 through June 30, 2010

The finding from the year ended June 30, 2010 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

**Finding - Major Federal Award Programs Audit**

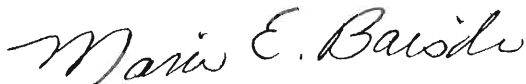
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2010-1 Community Development Block Grant - CFDA No. 14.218; Grant Period - Year Ended June 30, 2010

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

*Action Taken:* The Community Development Administrator will review and sign all invoices related to grant expenditures. This will ensure compliance with OMB Circular A-133.

If there are any questions regarding this plan, please call me at (843) 918-1150.



Maria E. Baisden  
Director of Finance



## **First In Service**

# **CITY OF MYRTLE BEACH SOUTH CAROLINA**

Comprehensive Annual Financial Report

Fiscal Year Ended • June 30, 2010