

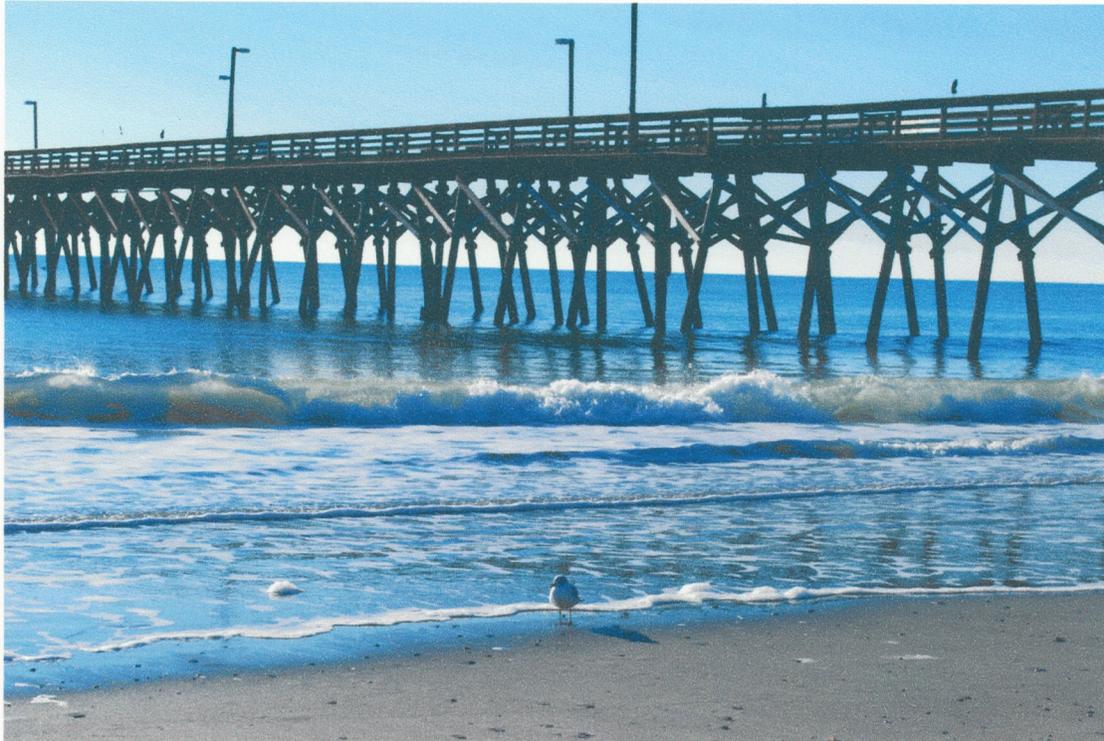
# Town of Surfside Beach

*"The Family Beach It's All—Right Here!"*

## Comprehensive Annual Financial Report

**Fiscal Year Ended**

*March 31, 2009*



### **Surfside Beach, South Carolina**

*Dedicated people providing quality and responsive service to our community.*

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2009**

Prepared By:

Finance Department

Kimberly Hursey, Finance Officer

## **INTRODUCTORY SECTION**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Year Ended March 31, 2009**

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**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**PRINCIPAL OFFICIALS**

**March 31, 2009**

**ELECTED**

Mayor ..... K. Allen Deaton  
Mayor Pro Tem ..... James S. "Sammy" Truett  
Town Councilwoman ..... Vickie W. Blair  
Town Councilman ..... Joseph P. Martin  
Town Councilman ..... Mark L. Johnson  
Town Councilman ..... Douglas F. Samples  
Town Councilman ..... Robert F. Childs, III

**APPOINTED**

Town Administrator ..... Ed Booth  
Finance Officer ..... Kimberly Hursey  
Town Clerk ..... Sharon Pinnell  
Public Safety Director ..... Andy Christenson  
Planning, Building and Zoning Director ..... Jackie Donevant  
Public Works Director ..... Ty Taylor

TOWN OF SURFSIDE BEACH, SOUTH CAROLINA

ORGANIZATIONAL CHART

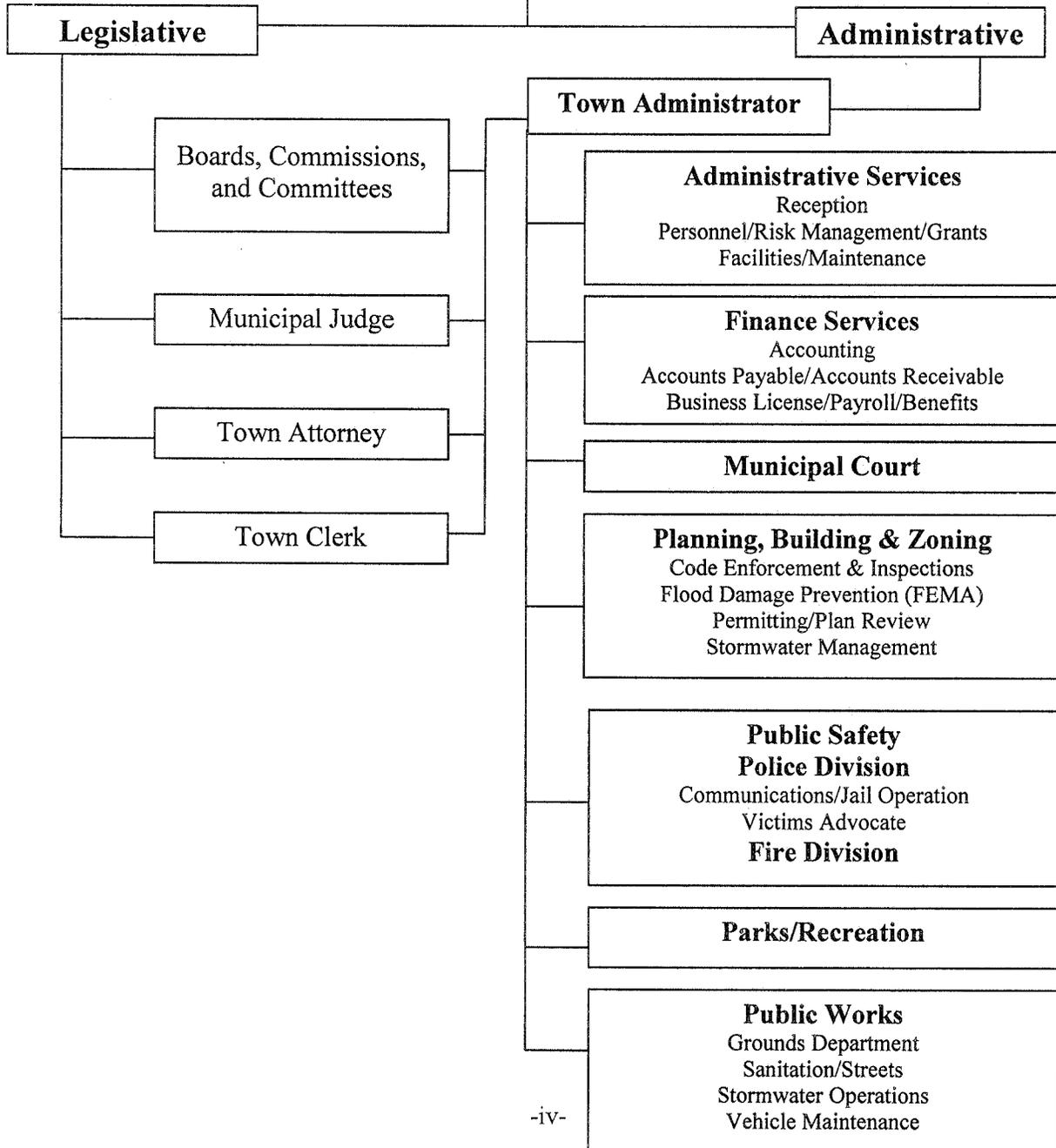
March 31, 2009



**CITIZENS OF  
SURFSIDE BEACH**

**TOWN COUNCIL**

(Mayor & 6 Councilmembers)



Town Hall  
115 U.S. Highway 17 North  
Surfside Beach, SC 29575



Telephone: 843.913.6111  
Facsimile: 843.238.5432  
Email:  
Town@surfsidebeach.org

## TOWN OF SURFSIDE BEACH

August 14, 2009

www.surfsidebeach.org

To Town Council and the Citizens and Friends of Surfside Beach, South Carolina:

The Comprehensive Annual Financial Report of the Town of Surfside Beach for the fiscal year ended March 31, 2009, is hereby submitted for your review and information and to meet the requirements of South Carolina Law.

The responsibility for the accuracy of all presented data, the completeness, and the fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the information is accurate in all material respects and is reported based on a comprehensive framework of internal controls that have been established for this purpose.

The financial statements of the Town of Surfside Beach consist only of all the departments and funds of the Town. There are no separate governmental units or agencies combined to form the reporting entity since the Town is not financially accountable for any other separate organizations. The cost of internal control should not exceed anticipated benefits; the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatement.

Harper, Poston, & Moree, P.A., Certified Public Accountants, have issued an unqualified opinion on the Town of Surfside Beach's financial statements for the year ended March 31, 2009. The independent auditor's report is located at the front of the financial statement section of this report.

Generally Accepted Accounting Principals (GAAP) requires 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 Town's MD&A begins on page 3.

### **Profile of the Government**

The Town of Surfside Beach is located in the southeastern area of Horry County, between the Atlantic Ocean, to the east, and the Intracoastal Waterway, six miles to the west. The northern municipal limits of the Town are four miles south of Myrtle Beach, South Carolina, and approximately 20 miles from Conway, South Carolina, the county seat. The town is two miles long and one mile wide and approximately 90 percent developed.

The Town of Surfside Beach was incorporated in 1964 and operates under the council form of government as authorized under state law. Legislative authority is vested in the Mayor and six Council Members, who are elected at large to serve four-year overlapping terms of office. The Mayor is the presiding officer of Town Council.

The Council appoints an Administrator to serve as the chief executive and administrative officer to oversee the day-to-day operations of the Town. The Administrator is responsible for implementing the policies and ordinances of Town Council. The Administrator is assisted by several staff

*Dedicated people providing quality and responsive service to our community.*



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printed on recycled paper

departments including planning, building and zoning, finance, public safety: police and fire divisions, parks and grounds, recreation, athletics and special events, municipal court, public works and other general administrative support services.

The Town of Surfside Beach provides a full range of services, including police and fire protection, sanitation service, repair and maintenance of town roads and infrastructure, building regulation, planning, zoning, code enforcement and recreation and cultural activities.

The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by Town Council. Activities of the General Fund, Special Revenue Funds, and Enterprise Funds are included in the annual appropriated budget, which is prepared using Generally Accepted Accounting Principles (GAAP) in all material respects. The level of budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is at the fund level. All appropriations lapse at the end of each year.

### **Local Economy**

The Town of Surfside Beach has grown dramatically since incorporation. The 2000 Census reported that 4,425 permanent residents lived in the Town, compared to just 880 when the Town was incorporated. Significant growth and development has taken place along the Town's oceanfront in the last decade. In addition, commercial development continues to rise along the Town's business district along US Highway 17 Business. The Town of Surfside Beach is heavily dependent on the tourism industry as related businesses pay a vast majority of the taxes and fees used to provide services to the residents. The Town's beach location continues to promote tourism related business and redevelopment.

Tourism, South Carolina's largest industry is the element that keeps the northern coastal area of the State running in high gear. The Town of Surfside Beach, like the rest of Horry County and much of Georgetown County to the south, is dominated by tourist-related businesses, which include accommodations, food and beverage establishments, retail, golf, fishing piers, amusement and water parks, and many other attractions. The area supports numerous live entertainment theaters that feature various musical artists, comedians, and Broadway-type shows. The Town currently has three major hotels, and scores of condominiums and second-home properties, of which most are low-density single-family residences and classified transient rentals, i.e., short-term rentals to visitors.

The retail industry has expanded tremendously in recent years due to the advancement of tourism. The South Strand area, in which the Town of Surfside Beach is located, offers everything from conventional malls and outlets to outdoor complexes that combine specialty shops and dining along lakesides and waterways. The beaches in Horry and Georgetown counties account for more than 40 percent of the State's tourism revenue.

The tourism industry has contributed revenue to the Town of Surfside Beach through the collection of Hospitality fees and Accommodations taxes. In the past ten years these special revenues have increased over \$600 thousand. These fees can be used to cover costs relating to public safety due to the high percentage of tourists in the area. During the past ten years, the government's expenses relating to public safety have increased from 25% to 42% of total expenditures as the demand for service increases.

Business license and permit revenue have been a significant revenue source over the past ten years due to a growing population, the Municipal Association of South Carolina's tax collection programs and the development of the beach area. Currently, business licensing and permitting have contributed 30.5% to general fund revenue. We are committed to promoting new and established businesses in Town and will be launching a Façade grant program next year. The program was initiated by the Town's Beautification committee. We are hopeful that our local economy will continue to support our local businesses, restaurants, property development and new rental properties, which will sustain our business license taxes.

### **Long-Term Financial Planning**

Unreserved, undesignated fund balance in the general fund stands at 22.2% of total general fund revenues. Town Council has not set a policy guideline for budgetary and planning purposes. The Town Council has approved an advance from its general fund to its newly formed enterprise fund, the Surfside Beach Fishing Pier. The Pier enterprise will repay the general fund a principal payment plus interest over the next ten years. The Town has elected to due this rather than incur debt. The Town Council has decided to construct and maintain the Town's stormwater infrastructure without incurring additional debt. A 5 mill tax levy for stormwater improvements and maintenance has been used to fund such projects. Town Council has approved the continuation of the stormwater millage, which has a sunset provision and will end in 2012.

### **Relevant Financial Policies**

The Town's investment policy is to minimize risks while maintaining a competitive yield on its funds; accordingly, cash available for investing during the year was invested in the State Local Government Investment Pool and certificates of deposit. The State Local Government Investment Pool is a pool of funds belonging to participating local governments and is managed by the State Treasurer. These funds are invested in obligations of the United States and its agencies and in repurchase agreements collateralized by US Government instruments. The Town maintains a "central depository account" where the operating cash of all funds are pooled and excess cash in this account is invested at a higher yield.

The Town transfers most of its risk exposure related to tort, auto liability and property damage through insurance contracts with the South Carolina Municipal Insurance Reserve Fund. A separate policy is held with Moore and Associates of Surfside on the Town's fishing pier. Employee benefits such as workers compensation and medical coverage are provided through contracts with the South Carolina Municipal Insurance Trust and the Blue Choice Health Plan. Unemployment coverage is through the South Carolina Employment Security Commission. The Town does not offer any post-retirement employee benefits.

### **Major Initiatives – Year in Review**

The Town of Surfside Beach purchased the Surfside Beach fishing pier and properties for \$2.5M. An enterprise fund was established to manage and maintain the pier and its buildings. This investment ensures that the Surfside Beach Pier will continue as a focal point for the Town and promote tourism. The Town has extended free admission and reduced fishing rates to its citizens. We are proud that by purchasing the pier we will be preserving history, during the past 15 years over half the piers in the Grand Strand area have been torn down and replaced with hotels or condominiums.

DP3 ARCHITECTS, LLC has completed the plans and bidding process for the construction of the fire station and the project is on target with a completion date of February 2010. The old fire station which was over 40 years old was in a dilapidated state. The new fire station will not only be more functional but it will incorporate “green” elements and will enhance the image of the town. It will serve as a stylistic model as other buildings in the Town Hall complex are replaced.

The Town of Surfside Beach continues to provide stormwater relief to its citizens. This year the Town completed lake-dredging on (5) five of its lakes, with one planned for next year. The Town’s grounds department will then maintain the lakes. These efforts will enhance the quality of life for the citizens and those who visit the Town of Surfside Beach.

### **Major Initiatives for the Future**

Once the fire station is complete the Town will move on to its next major capital improvement; a New Town Hall. The original building is over 50 years old and is in a much needed state of repair. Additions have been made to accommodate staff over the years and our Town Hall has reached its capacity. The Town has also identified a need for a new and improved Community and Wellness Center. This building would take the place of the existing Civic Center and possibly house additional office space for the Police division. All of these projects will greatly enhance the quality of life for the citizens, visitors and staff of the Town of Surfside Beach.

The Town has completed its lake-dredging projects and has begun its lake enhancement projects. These enhancements will not only improve the esthetics of the lakes with fountains they will also provide leisure activities with gazebos, and fishing while also providing water quality by aerating them. The Town’s grounds department will continue to maintain the lakes.

The Town has completed many much need projects over the past few years and will update its 5-year comprehensive plan next year with the assistance of the Waccamaw Regional Council of Governments. With that in mind Town staff will be gearing towards a planning phase. Staff is working on a transportation study, to identify which streets to pave and sidewalks to install. We will also be working with GSATS, the Grand Strand Area Transportation Study.

The Town continues to rely on its citizens, committees and volunteers to help improve, maintain, and promote the Town. The Town would like to thank its Beautification committee specifically for their ideas and dedication to improving the aesthetics of the Town. We have just completed several projects including the Surfside Drive pavers and Yaupon parking Lot. The committee has introduced a Façade grant program which will begin soon. This program will allow our businesses to apply for a grant to beautify or improve their facades. The Town will match up to \$5,000 for approved projects. We also have a newly formed Parks, Recreation and Special Events Committee whose focus will be to support the Town’s staff by recommending new events, revitalize existing events and recreational activities for the Town.

## Awards and Acknowledgments

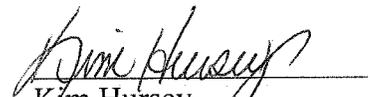
The Comprehensive Annual Financial Report has been prepared following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to those governments whose annual financial reports are judged to conform substantially to the high standards of public financial reporting, including generally accepted accounting principles promulgated by the Governmental Accounting Standards Board.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Surfside Beach for its comprehensive annual financial report for the fiscal year ended March 31, 2008, which was the twentieth consecutive year the Town received the award. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the Town's auditing firm; Harper, Poston, & Moree, P.A., the Town's finance department, as well as the Town's department directors and staff. Each department member has our sincere appreciation for contributions made in the preparation of this report. We also extend a thank you to Surfside Beach Town Council for its support.

Respectfully Submitted,

  
Ed Booth  
Town Administrator

  
Kim Hursey  
Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Surfside Beach  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
March 31, 2008

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.



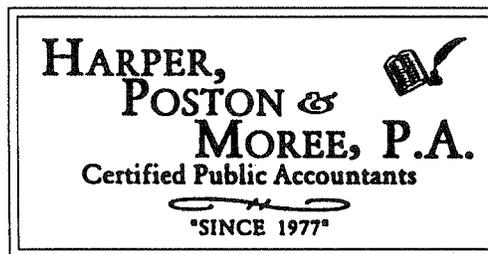
A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director

## **FINANCIAL SECTION**



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Stacey C. Moree CPA  
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106 Wall Street, Litchfield  
Pawleys Island, SC 29585  
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Tel (843) 527-3413  
Fax (843) 546-7277

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of Town Council  
Town of Surfside Beach, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside Beach, South Carolina, as of and for the year ended March 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside Beach, South Carolina, as of March 31, 2009, and the respective changes in financial position and, where applicable, cash flows 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 August 14, 2009, on our consideration of the Town'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 describe 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.

The management's discussion and analysis and budgetary comparison information on pages 3-11 and 45-49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, individual fund financial statement, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statement and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Pawleys Island, South Carolina  
August 14, 2009

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2009**

Our discussion and analysis of the Town of Surfside Beach, South Carolina's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended March 31, 2009. Please read it in conjunction with the transmittal letter on page v and the Town's financial statements, which begin on page 12.

**Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$16,131,456 (net assets). Of this amount, \$2,963,724 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$1,267,044. This is a result of an increase in net assets of our business-type activities of \$994,780, and an increase in net assets of our governmental activities of \$272,264.
- The Town's total revenues amounted to \$8,266,889 during the year ended March 31, 2009. Revenues and transfers of governmental activities totaled \$6,201,803, and revenues and transfers of our business-type activities were \$2,065,086.
- During the year ended March 31, 2009, the Town's total expenses amounted to \$6,999,845. Expenses of governmental activities totaled \$5,929,539, and expenses of our business-type activities were \$1,070,306.
- At March 31, 2009, the Town's governmental funds reported combined fund balances of \$6,181,612, a decrease of \$929,131 in comparison to the prior year.
- The increase in the Town's investment in capital assets for the current fiscal year was \$1,277,335 for governmental activities and \$2,378,468 for our business-type activities.
- At year-end, the Town had \$1,560,000 in outstanding general obligation bonds compared to \$1,905,000 last year, a decrease of 18.1%.

**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 - 14) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 15. 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 Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The fiduciary fund financial statement on page 27 provides financial information about an activity for which the Town acts as an agent on behalf of the Town's firemen. The notes to the financial statements are an integral part of the financial statements and begin on page 28. This report also contains other information in addition to the basic financial statements.

## ***Reporting the Town as a Whole***

Our analysis of the Town as a whole begins on page 5. One of the most important questions asked about the Town's finances is, "Is the Town 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 Town 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. In accrual based accounting, 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 Town's net assets and changes in them. You can think of the Town's net assets, which is the difference between assets and liabilities, as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

In the statement of net assets and the statement of activities, we have divided the Town into two kinds of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including general government, public safety, street, culture and recreation, and interest and fiscal charges. Property taxes, local accommodations taxes, business license taxes, franchise taxes, and hospitality fees and grants, finance the majority of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's sanitation activities and fishing pier and properties are reported here.

## ***Reporting the Town's Funds***

Our analysis of the Town's funds begins on page 8. The fund financial statements begin on page 15 and provide detailed information about the funds, not the Town as a whole. The Town Council establishes 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 Town's two kinds of funds, governmental and proprietary, use different accounting approaches.

- *Governmental Funds* - Most of the Town'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. This is also known as the financial resource measurement focus. The governmental fund statements provide a detailed short-term view of the Town'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 Town'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 Town charges customers for the services it provides, these activities 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. These funds are reported using an accounting method called the accrual basis of

accounting; this is also known as the economic resource measurement focus. Proprietary funds report all assets, liabilities and net assets for a long-term financial view. In fact, the Town'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 each proprietary fund.

### *The Town as an Agent*

The Town is an agent, or fiduciary, for certain funds held on behalf of the Town's firemen. The fiduciary fund financial statement can be found on page 27 of this report. Fiduciary or agency funds account for assets held by the Town for another entity. Agency funds are custodial in nature; assets equal liabilities, and do not measure the results of operation. We exclude this activity from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

### *Notes to the 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 28.

### *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 45. An individual fund statement and other supplementary information can be found on pages 50 - 54.

### The Town as a Whole

Condensed statements of net assets at March 31, 2009 and 2008 are shown below.

#### THE TOWN'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 6,729,948	\$ 7,717,353	(\$1,181,852)	\$ 169,705	\$ 5,548,096	\$ 7,887,058
Capital Assets (Net)	<u>9,711,297</u>	<u>8,808,167</u>	<u>3,103,276</u>	<u>724,808</u>	<u>12,814,573</u>	<u>9,532,975</u>
Total Assets	<u>\$16,441,245</u>	<u>\$16,525,520</u>	<u>\$ 1,921,424</u>	<u>\$ 894,513</u>	<u>\$18,362,669</u>	<u>\$17,420,033</u>
Long-Term Liabilities	\$ 1,278,302	\$ 1,658,895	\$ 15,463	\$ 20,497	\$ 1,293,765	\$ 1,679,392
Other Liabilities	<u>871,118</u>	<u>847,064</u>	<u>66,330</u>	<u>29,165</u>	<u>937,448</u>	<u>876,229</u>
Total Liabilities	<u>\$ 2,149,420</u>	<u>\$ 2,505,959</u>	<u>\$ 81,793</u>	<u>\$ 49,662</u>	<u>\$ 2,231,213</u>	<u>\$ 2,555,621</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$ 8,196,888	\$ 6,919,553	\$ 3,103,276	\$ 724,808	\$11,300,164	\$ 7,644,361
Restricted	1,867,568	2,093,153			1,867,568	2,093,153
Unrestricted	<u>4,227,369</u>	<u>5,006,855</u>	<u>(1,263,645)</u>	<u>120,043</u>	<u>2,963,724</u>	<u>5,126,898</u>
Total Net Assets	<u>\$14,291,825</u>	<u>\$14,019,561</u>	<u>\$ 1,839,631</u>	<u>\$ 844,851</u>	<u>\$16,131,456</u>	<u>\$14,864,412</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town's combined net assets at March 31, 2009 were \$16,131,456, an increase of \$1,267,044, or 7.8%, from a year ago.

A portion of the Town's net assets, currently 70%, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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 Town's net assets, currently 11.6%, 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 \$2,963,724 may be used to meet the Town's ongoing obligations to citizens and creditors.

Consistent with the prior fiscal year, as of the end of the current fiscal year, the Town is able to report positive balances in all categories of net assets, for governmental activities.

Changes in the Town's net assets during the years ended March 31, 2009 and 2008 follows.

#### THE TOWN'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 620,857	\$ 641,770	\$ 1,233,957	\$ 1,164,391	\$ 1,854,814	\$ 1,806,161
Operating Grants and Contributions	212,262	69,271			212,262	69,271
Capital Grants and Contributions	197,101	298,645			197,101	298,645
General Revenues:						
Property Taxes	2,316,688	2,208,501			2,316,688	2,208,501
Local Accommodations Taxes	139,549	146,587			139,549	146,587
Business License Taxes	1,455,823	1,548,915			1,455,823	1,548,915
Franchise Taxes	526,406	518,911			526,406	518,911
Hospitality Fees	669,304	721,269			669,304	721,269
Grants and Contributions not Restricted to Specific Programs	759,823	759,845			759,823	759,845
Investment Earnings	122,639	357,720	541	6,929	123,180	364,649
Gain on Disposal of Capital Assets	6,717		588	37,752	7,305	37,752
Other General Revenues	<u>4,634</u>	<u>4,652</u>			<u>4,634</u>	<u>4,652</u>
Total Revenues	<u>\$ 7,031,803</u>	<u>\$ 7,276,086</u>	<u>\$ 1,235,086</u>	<u>\$ 1,209,072</u>	<u>\$ 8,266,889</u>	<u>\$ 8,485,158</u>
Expenses:						
General Government	\$ 1,487,967	\$ 1,372,244	\$	\$	\$ 1,487,967	\$ 1,372,244
Public Safety	2,460,933	2,371,314			2,460,933	2,371,314
Building and Zoning	244,152	282,304			244,152	282,304
Street	1,111,069	1,178,169			1,111,069	1,178,169

**THE TOWN'S CHANGES IN NET ASSETS (continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Culture and Recreation	558,936	483,391			558,936	483,391
Interest and Fiscal Charges	66,482	88,181			66,482	88,181
Sanitation			962,936	1,072,194	962,936	1,072,194
Pier			107,370		107,370	
Total Expenses	<u>\$ 5,929,539</u>	<u>\$ 5,775,603</u>	<u>\$ 1,070,306</u>	<u>\$ 1,072,194</u>	<u>\$ 6,999,845</u>	<u>\$ 6,847,797</u>
Increase in Net Assets Before Transfers	\$ 1,102,264	\$ 1,500,483	\$ 164,780	\$ 136,878	\$ 1,267,044	\$ 1,637,361
Transfers	<u>(830,000)</u>	<u>20,000</u>	<u>830,000</u>	<u>(20,000)</u>		
Increase in Net Assets	<u>272,264</u>	<u>1,520,483</u>	<u>994,780</u>	<u>116,878</u>	<u>1,267,044</u>	<u>1,637,361</u>
Net Assets - Beginning	<u>\$14,019,561</u>	<u>\$12,499,078</u>	<u>\$ 844,851</u>	<u>\$ 727,973</u>	<u>\$14,864,412</u>	<u>\$13,227,051</u>
Net Assets - Ending	<u>\$14,291,825</u>	<u>\$14,019,561</u>	<u>\$ 1,839,631</u>	<u>\$ 844,851</u>	<u>\$16,131,456</u>	<u>\$14,864,412</u>

The Town's total revenues amounted to \$8,266,889 for the year ended March 31, 2009. This is a decrease of \$218,269, or 2.6%. The total cost of all programs and services was \$6,999,845 increasing by \$152,048, or 2.2%.

***Governmental Activities***

The Town's net assets from governmental activities increased \$272,264, accounting for 21.5% of the total growth in net assets of the Town. 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 \$5,006,855 at March 31, 2008 to \$4,227,369 at the end of this year.

The Town's programs for governmental activities include general government, public safety, building and zoning, street, culture and recreation, and interest and fiscal charges. Total revenues from the Town's governmental activities decreased by 3.4% or \$244,283, while total expenditures increased 2.7% or \$153,936. The decreased revenues were mainly attributable to investment earnings; which decreased \$235,081 and business license taxes; which decreased \$93,092. Although the Town's investments were adequate the drop in interest rates affected our earnings significantly. Business license taxes decreased due to lower than anticipated residential and commercial contractor renewal licensing. The expenditures of the following operating programs increased by a total of \$153,936; general government, public safety and culture and recreation. Overall the increases were mainly attributable to additional staff positions added during the year and the impact of preparing to convert to a personal time off (PTO) paid leave program.

The cost of all governmental activities this year was \$5,929,539. However, as shown in the statement of activities beginning on page 13, the amount that our taxpayers ultimately financed for these activities was only \$4,899,319 because some of the cost was paid by those who directly benefited from the programs (\$620,857) or by other governments and organizations that subsidized certain programs with grants and contributions (\$409,363). Overall, the Town's governmental program revenues were \$1,030,220. The Town paid for the remaining "public benefit" portion of governmental activities with general revenues and transfers from the business-type activities, some of which could only be used for certain programs, totaling \$5,171,583.

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

The Town's business-type activities relate to the provision of sanitation collection services to the residents and businesses of the Town and the Surfside Beach fishing pier and properties which the Town purchased. The Town's net assets from our business-type activities increased \$994,780, which accounts for 78.5% of the total increase in the Town's net assets. The change in net assets is mainly attributable to a transfer from governmental funds to finance the purchase of the fishing pier and to the positive impact of increasing our customer base and increasing our recycling efforts. Total revenue from the Town's business-type activities increased by 2.2%, or \$26,014 for the year ended March 31, 2009.

The cost of our business-type activities this year was \$1,070,306. As shown in the statement of activities which starts on page 13, the amounts paid by users was \$1,233,957, a gain on disposal of capital assets totaled \$588, investment earnings were \$541, and transfers totaled \$830,000.

### **The Town's Funds**

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

#### ***Governmental Funds***

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town'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 Town's governmental funds reported combined fund balances of \$6,181,612, a decrease of (\$929,131) in comparison with the prior year. Approximately 75.0% of this total (\$4,635,239) constitutes unreserved fund balance, which is available for spending at the Town'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 Town. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,792,781, while the total general fund balance amounted to \$4,339,154. The General Fund's fund balance decreased by \$183,942 during the current fiscal year. The decrease is directly attributable to a transfer of funds; \$201,104 to the Hospitality Fund to finance parking, land, and other capital improvements.

In the Accommodations Tax Fund, fund balance decreased by \$852,562 to \$18,586 at year-end. The decrease in fund balance is directly attributable to a transfer of \$830,000 to the Pier Fund to finance the purchase of the Surfside Beach fishing pier and properties. The remaining fund balance was undesignated at year-end.

Total fund balance of the Hospitality Fund was \$1,812,827 at March 31, 2009, an increase of \$612,967 from the prior year. Of this total, Town Council has designated \$3,128 for the veteran's memorial and \$218,996 for parking, land and other capital improvements. Although it is the intent of Town Council to use these funds to finance the construction of the fire station, the remaining fund balance of \$1,590,703 was undesignated at year-end.

The Local Accommodations Tax Fund, fund balance decreased by (\$128) to \$7,593 at March 31, 2009.

The Capital Projects Fund has a fund balance of \$3,452 at year-end, a decrease of (\$505,466) from the prior year as a result of the completion of dredging five (5) of the town owned lakes. Town Council has designated the entire fund balance for storm water management, maintenance and improvement projects.

### ***Proprietary Funds***

The Town'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 Town's Sanitation Fund at year-end amounted to \$372,086. The increase in net assets of the Sanitation Fund was \$146,808; this is directly attributable to operating income of \$185,707. Unrestricted net assets of the Town's Pier Fund at year-end amounted to (\$1,635,731). Although the total net assets of this fund were \$847,972, the Pier fund has an advance due to the General Fund of \$1,467,000, which was used to finance its purchase and most of its assets are noncurrent. The increase in net assets of the Pier Fund was \$847,972; this is directly attributable to a transfer of funds, \$870,000 from the Town's Accommodations Tax Fund.

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

The original budget was amended during the year. Revenues available for appropriation were \$341,098 above the budgeted amounts. The most significant positive variances are attributable to licenses and permits \$49,383; intergovernmental \$214,548 and fines and forfeitures \$70,399. The actual charges to appropriations (expenditures) were \$20,654 below the budgeted amounts. The most significant positive variance occurred in the public safety function; \$34,199. The variance in public safety is due primarily to unfilled budgeted staff positions and a reduction in overtime.

During the year, there was a \$130,904 increase in appropriations between the original and final budget. The main component of this increase is outlined as follows: (\$127,094) was for adjustments to salaries and benefits due to increased health and worker's compensation insurance and the impact of preparing to convert to a personal time off (PTO) paid leave program.

Budget to actual comparisons for the General Fund can be found on page 45.

### **Capital Asset and Debt Administration**

#### ***Capital Assets***

The Town's investment in capital assets for its governmental and business-type activities as of March 31, 2009 amounted to \$12,814,573 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements, machinery, equipment, vehicles and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$903,130 or 10.3%, for governmental activities and \$2,378,468 or 328%, for our business-type activities.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 2,281,527	\$ 2,281,527	\$ 1,508,771	\$	\$3,790,298	\$ 2,281,527
Land Improvements	377,453	406,863			377,453	406,863
Buildings and Improvements	936,245	959,855	1,006,320	34,623	1,942,565	994,478
Machinery, Equipment and Vehicles	1,275,343	1,298,032	588,185	690,185	1,863,528	1,988,217
Infrastructure	4,554,373	3,861,890			4,554,373	3,861,890
Construction-in-Progress	286,356				286,356	
	<u>\$ 9,711,297</u>	<u>\$ 8,808,167</u>	<u>\$ 3,103,276</u>	<u>\$ 724,808</u>	<u>\$12,814,573</u>	<u>\$ 9,532,975</u>

More detailed information about the Town's capital assets is presented in Note 8 to the financial statements.

Major capital asset additions during the current fiscal year ending March 31, 2009, included the following:

Land – Surfside Beach Pier	\$1,508,771
Facilities – Surfside Beach Pier structure and buildings	1,000,000
Stormwater Improvements Lake Dredging project	838,511
Alamo Versa Boom Truck	48,738
New Holland Tractor	45,823
Parking Pay Stations	40,258
Town Hall HVAC and ductwork project	21,759
2008 Ford Explorer	20,640
2009 Ford Escape Hybrid	30,363
Construction in progress – Fire Station, Surfside Drive pavers, Yaupon Parking Lot, Dogwood Lake Bulkhead	286,356

**Debt**

At year-end, the Town had \$1,560,000 in outstanding general obligation bonds compared to \$1,905,000 last year, a decrease of 18.1%. The current bond issuance will mature on March 1, 2013.

**THE TOWN'S OUTSTANDING DEBT**  
**Bonds Payable**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General Obligation Bonds	\$ 1,560,000	\$ 1,905,000	\$ _____	\$ _____	\$ 1,560,000	\$ 1,905,000
Total Long-Term Debt	\$ 1,560,000	\$ 1,905,000	\$ _____	\$ _____	\$ 1,560,000	\$ 1,905,000

The Town maintains a credit rating of Aaa for general obligation bonded debt. Under current state statutes, the Town's general obligation debt issuances are subject to a legal limitation base of 8% of total assessed value. General obligation debt issued pursuant to referendum is not subject to the limitations. As of March 31, 2009, the amount of new debt, which could be issued without referendum, was \$3,177,192.

Other long-term obligations of the Town include compensated absences. More detailed information about the Town's long-term liabilities is presented in Note 10 to the financial statements.

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

The Town's elected and appointed officials considered many factors when setting the fiscal year 2010 budget, tax rates and fees that will be charged for our business-type activities. The Town has elected to change its fiscal year-end from March 31<sup>st</sup> to June 30<sup>th</sup> to align itself with the State of South Carolina, Horry County and other municipalities. To accomplish this change the Town has adopted a 15-month budget for fiscal year 2010. Therefore, estimated revenue and expenditure appropriations will be based on a 15-month period.

Some of the factors that were considered this year were the economy, tourism trends, interest rates, and the cost of fuel and inflation rates. These indicators were taken into account when adopting the General Fund budget for fiscal year 2010. Revenues available for appropriation in the General Fund budget are \$6,021,899, an increase of 25% over the final fiscal year 2009 budget of \$4,816,430. The Town was conservative in its revenue estimates

due to the economy and its reliance on tourism, the increase is attributable to a longer budget period. Budgeted expenditures are expected to rise to \$6,052,666 from \$5,391,062 in fiscal year 2009; the increase is 12.7% percent which again is attributable to the 15-month period. The Town has added no major new programs or initiatives to the fiscal year 2010 general fund budget.

As for the Town's business-type activities, the base rates for sanitation collection service for residential and commercial customers in town and for our fishing pier for fiscal year 2010 will remain unchanged. Revenues available for appropriation in the Sanitation and Pier Fund budgets are \$1,472,500, and \$350,675 respectively. The Town will use these revenues to finance the sanitation services programs we currently offer and to finance the repairs and maintenance of the fishing pier to the effect that we expect inflation to have on program costs. The Pier Fund revenues will also be used to repay an advance from the Town's General Fund over the next (10) ten years. Budgeted expenses of the Sanitation and Pier Funds are \$1,153,666 and \$155,153 respectively in fiscal year 2010.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Finance Department at 115 Highway 17 North, Surfside Beach, South Carolina 29575, phone (843) 913-6336 or email [finance@surfsidebeach.org](mailto:finance@surfsidebeach.org).

# **BASIC FINANCIAL STATEMENTS**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**March 31, 2009**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,547,642	\$ 275,719	\$ 4,823,361
Receivables (Net of Allowance)	395,377	185,880	581,257
Internal Balances	1,646,280	(1,646,280)	
Inventories	5,418		5,418
Prepaid Assets	67,735	2,829	70,564
Restricted Cash and Cash Equivalents	34,958		34,958
Land	2,281,527	1,508,771	3,790,298
Construction in Progress	286,356		286,356
Other Capital Assets (Net)	7,143,414	1,594,505	8,737,919
Deferred Bond Issuance Costs (Net)	32,538		32,538
<b>Total Assets</b>	<b>\$ 16,441,245</b>	<b>\$ 1,921,424</b>	<b>\$ 18,362,669</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 252,719	\$ 52,958	\$ 305,677
Accrued Salaries	101,594		101,594
Accrued Interest Payable	3,823		3,823
Unearned Revenues	18,535		18,535
Liabilities Payable From Restricted Assets	34,958		34,958
Noncurrent Liabilities:			
Due Within One Year	459,489	13,372	472,861
Due in More Than One Year	1,278,302	15,463	1,293,765
<b>Total Liabilities</b>	<b>\$ 2,149,420</b>	<b>\$ 81,793</b>	<b>\$ 2,231,213</b>
<b>NET ASSETS</b>			
Invested In Capital Assets, Net of Related Debt	\$ 8,196,888	\$ 3,103,276	\$ 11,300,164
Restricted For Tourism Promotion and Support	1,861,348		1,861,348
Restricted For Drug Enforcement	6,220		6,220
Unrestricted	4,227,369	(1,263,645)	2,963,724
<b>Total Net Assets</b>	<b>\$ 14,291,825</b>	<b>\$ 1,839,631</b>	<b>\$ 16,131,456</b>

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

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2009**

<u>Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Governmental Activities:</b>				
General Government	\$ 1,487,967	\$ 126,601	\$	\$
Public Safety	2,460,933	311,218	5,717	
Building and Zoning	244,152	130,110		
Street	1,111,069		166,465	197,101
Culture and Recreation	558,936	52,928	40,080	
Interest and Fiscal Charges	66,482			
Total Governmental Activities	\$ 5,929,539	\$ 620,857	\$ 212,262	\$ 197,101
<b>Business-Type Activities:</b>				
Sanitation	\$ 962,936	\$ 1,148,643	\$	\$
Pier	107,370	85,314		
Total Business-Type Activities	\$ 1,070,306	\$ 1,233,957	\$	\$
Total	\$ 6,999,845	\$ 1,854,814	\$ 212,262	\$ 197,101

General Revenues:

- Property Taxes
- Local Accommodations Taxes
- Business Licenses Taxes
- Franchise Taxes
- Hospitality Fees
- Grants and Contributions not Restricted to Specific Programs
- Investment Earnings
- Gain on Disposal of Capital Assets
- Other General Revenues
- 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

Governmental Activities	Business-Type Activities	Total
\$ (1,361,366)	\$	\$ (1,361,366)
(2,143,998)		(2,143,998)
(114,042)		(114,042)
(747,503)		(747,503)
(465,928)		(465,928)
(66,482)		(66,482)
<u>\$ (4,899,319)</u>	<u>\$</u>	<u>\$ (4,899,319)</u>
\$	\$ 185,707	\$ 185,707
	(22,056)	(22,056)
<u>\$</u>	<u>\$ 163,651</u>	<u>\$ 163,651</u>
<u>\$ (4,899,319)</u>	<u>\$ 163,651</u>	<u>\$ (4,735,668)</u>
\$ 2,316,688	\$	\$ 2,316,688
139,549		139,549
1,455,823		1,455,823
526,406		526,406
669,304		669,304
759,823		759,823
122,639	541	123,180
6,717	588	7,305
4,634		4,634
(830,000)	830,000	
<u>\$ 5,171,583</u>	<u>\$ 831,129</u>	<u>\$ 6,002,712</u>
\$ 272,264	\$ 994,780	\$ 1,267,044
<u>14,019,561</u>	<u>844,851</u>	<u>14,864,412</u>
<u>\$ 14,291,825</u>	<u>\$ 1,839,631</u>	<u>\$ 16,131,456</u>

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**March 31, 2009**

	General Fund	Accommodations Tax Fund	Hospitality Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,657,205	\$ 20,563	\$ 1,860,632
Receivables (Net):			
Property Taxes	138,061		
Hospitality Fees			27,073
Local Accommodations Taxes			
Intergovernmental	186,520	33,782	504
Other	6,815		
Due From Other Funds	201,118		
Inventories	5,418		
Prepaid Assets	67,735		
Advances To Other Funds	1,467,000		
Restricted Cash and Cash Equivalents	34,958		
Total Assets	\$ 4,764,830	\$ 54,345	\$ 1,888,209

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

<u>Local Accommodations Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 4,971	\$ 4,271	\$ 4,547,642
		138,061
		27,073
2,622		2,622
		220,806
		6,815
		201,118
		5,418
		67,735
		1,467,000
		34,958
<u>7,593</u>	<u>4,271</u>	<u>6,719,248</u>

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**March 31, 2009**

	<u>General Fund</u>	<u>Accommodations Tax Fund</u>	<u>Hospitality Fund</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 181,636	\$ 13,921	\$ 56,343
Accrued Salaries	101,594		
Due To Other Funds		21,838	
Payable From Restricted Assets:			
Bail Bonds	22,543		
Drug Funds	12,415		
Deferred Revenue	107,488		19,039
Total Liabilities	<u>\$ 425,676</u>	<u>\$ 35,759</u>	<u>\$ 75,382</u>
Fund Balances:			
Reserved for:			
Inventories	\$ 5,418	\$	\$
Prepaid Assets	67,735		
Drug Enforcement	6,220		
Advances	1,467,000		
Unreserved, Reported in:			
General Fund:			
Designated for Capital Replacements	667,712		
Designated for Cash Flow Requirements	300,000		
Designated for Emergencies	100,000		
Designated for Street Improvements	582,403		
Undesignated	1,142,666		
Special Revenue Funds:			
Designated for Veterans Memorial			3,128
Designated for Land			218,996
Undesignated		18,586	1,590,703
Capital Projects Fund:			
Designated for Storm Water Projects			
Total Fund Balances	<u>\$ 4,339,154</u>	<u>\$ 18,586</u>	<u>\$ 1,812,827</u>
Total Liabilities and Fund Balances	<u>\$ 4,764,830</u>	<u>\$ 54,345</u>	<u>\$ 1,888,209</u>

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

<u>Local Accommodations Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$	\$ 819	\$ 252,719
		101,594
		21,838
		22,543
		12,415
		<u>126,527</u>
<u>\$</u>	<u>\$ 819</u>	<u>\$ 537,636</u>
\$	\$	\$ 5,418
		67,735
		6,220
		1,467,000
		667,712
		300,000
		100,000
		582,403
		1,142,666
		3,128
		218,996
7,593		1,616,882
	3,452	3,452
<u>\$ 7,593</u>	<u>\$ 3,452</u>	<u>\$ 6,181,612</u>
<u>\$ 7,593</u>	<u>\$ 4,271</u>	<u>\$ 6,719,248</u>

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**March 31, 2009**

Total Fund Balances - Total Governmental Funds	\$	6,181,612
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.		9,711,297
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		107,992
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(1,709,076)</u>
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>14,291,825</u></b>

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

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended March 31, 2009**

	General Fund	Accommodations Tax Fund	Hospitality Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property Taxes	\$ 2,045,999	\$	\$
Franchise Taxes	526,406		
Hospitality Fees			669,304
Local Accommodations Taxes			
Licenses and Permits	1,574,633		
Fines and Forfeitures	263,399		
Intergovernmental	533,268	527,687	15,919
Other	213,823	11,359	150,099
<b>Total Revenues</b>	<u>\$ 5,157,528</u>	<u>\$ 539,046</u>	<u>\$ 835,322</u>
<b>EXPENDITURES</b>			
Current:			
General Government	\$ 976,897	\$	\$ 25,571
Public Safety	2,061,901	148,424	49,494
Building and Zoning	239,729		
Street	879,465	74,639	
Intragovernmental Maintenance	78,084		
Culture and Recreation	447,992	39,127	25,641
Non-Departmental	123,710	160,639	20
Capital Outlay	162,070	48,737	326,991
Debt Service:			
Principal	345,000		
Interest	54,500		
Agent Fees	1,060		
<b>Total Expenditures</b>	<u>\$ 5,370,408</u>	<u>\$ 471,566</u>	<u>\$ 427,717</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (212,880)</u>	<u>\$ 67,480</u>	<u>\$ 407,605</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$ 230,042	\$	\$ 201,104
Transfers Out	(201,104)	(920,042)	
Proceeds From Sale of Capital Assets			4,258
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 28,938</u>	<u>\$ (920,042)</u>	<u>\$ 205,362</u>
<b>Net Change in Fund Balances</b>	<u>\$ (183,942)</u>	<u>\$ (852,562)</u>	<u>\$ 612,967</u>
<b>Beginning Fund Balance</b>	<u>4,523,096</u>	<u>871,148</u>	<u>1,199,860</u>
<b>Ending Fund Balance</b>	<u>\$ 4,339,154</u>	<u>\$ 18,586</u>	<u>\$ 1,812,827</u>

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

Local Accommodations Tax Fund	Capital Projects Fund	Total Governmental Funds
\$	\$ 257,880	\$ 2,303,879
		526,406
		669,304
139,549		139,549
		1,574,633
		263,399
	100,000	1,176,874
323	8,097	383,701
<u>\$ 139,872</u>	<u>\$ 365,977</u>	<u>\$ 7,037,745</u>
\$	\$	\$ 1,002,468
		2,259,819
		239,729
	15,079	969,183
		78,084
		512,760
	36	284,405
	856,328	1,394,126
		345,000
		54,500
		1,060
<u>\$</u>	<u>\$ 871,443</u>	<u>\$ 7,141,134</u>
<u>\$ 139,872</u>	<u>\$ (505,466)</u>	<u>\$ (103,389)</u>
\$	\$	\$ 431,146
(140,000)		(1,261,146)
		4,258
<u>\$ (140,000)</u>	<u>\$</u>	<u>\$ (825,742)</u>
\$ (128)	\$ (505,466)	\$ (929,131)
7,721	508,918	7,110,743
<u>\$ 7,593</u>	<u>\$ 3,452</u>	<u>\$ 6,181,612</u>

**TOWN OF SURFSIDE 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 March 31, 2009**

Net Change in Fund Balances - Total Governmental Funds \$ (929,131)

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 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 909,871

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balances by the book value of the capital assets sold. (6,741)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (8,959)

Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 345,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (37,776)

**Change in Net Assets of Governmental Activities** **\$ 272,264**

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

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**March 31, 2009**

	<u>Sanitation Enterprise Fund</u>	<u>Pier Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 234,431	\$ 41,288	\$ 275,719
Accounts Receivables (Net)	185,880		185,880
Prepaid Assets	2,829		2,829
Total Current Assets	<u>\$ 423,140</u>	<u>\$ 41,288</u>	<u>\$ 464,428</u>
Noncurrent Assets:			
Land	\$	\$ 1,508,771	\$ 1,508,771
Other Capital Assets (Net)	619,573	974,932	1,594,505
Total Noncurrent Assets	<u>\$ 619,573</u>	<u>\$ 2,483,703</u>	<u>\$ 3,103,276</u>
Total Assets	<u>\$ 1,042,713</u>	<u>\$ 2,524,991</u>	<u>\$ 3,567,704</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 22,219	\$ 30,739	\$ 52,958
Due to General Fund		179,280	179,280
Compensated Absences	13,372		13,372
Total Current Liabilities	<u>\$ 35,591</u>	<u>\$ 210,019</u>	<u>\$ 245,610</u>
Noncurrent Liabilities:			
Compensated Absences	\$ 15,463		\$ 15,463
Advances From Other Funds		1,467,000	1,467,000
Total Noncurrent Liabilities	<u>15,463</u>	<u>1,467,000</u>	<u>1,482,463</u>
Total Liabilities	<u>\$ 51,054</u>	<u>\$ 1,677,019</u>	<u>\$ 1,728,073</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	\$ 619,573	\$ 2,483,703	\$ 3,103,276
Unrestricted	<u>372,086</u>	<u>(1,635,731)</u>	<u>(1,263,645)</u>
Total Net Assets	<u>\$ 991,659</u>	<u>\$ 847,972</u>	<u>\$ 1,839,631</u>

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

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**Year Ended March 31, 2009**

	Sanitation Enterprise Fund	Pier Enterprise Fund	Total Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,148,643	\$ 85,314	\$ 1,233,957
<b>OPERATING EXPENSES</b>			
Personnel Service and Related Expenses	\$ 420,679	\$ 24,006	\$ 444,685
Maintenance and Service Contracts	366,253		366,253
Materials and Supplies	53,661	305	53,966
Repairs and Maintenance	1,810	30,900	32,710
Depreciation	105,235	25,068	130,303
Other Operating Expenses	15,298	10,791	26,089
Total Operating Expenses	\$ 962,936	\$ 91,070	\$ 1,054,006
Operating Income (Loss)	\$ 185,707	\$ (5,756)	\$ 179,951
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Earnings	\$ 513	\$ 28	\$ 541
Interest Expense		(16,300)	(16,300)
Gain on Disposal of Capital Assets	588		588
Total Nonoperating Revenues (Expenses)	\$ 1,101	\$ (16,272)	\$ (15,171)
Income (Loss) Before Transfers	\$ 186,808	\$ (22,028)	\$ 164,780
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$	\$ 870,000	\$ 870,000
Transfers Out	(40,000)		(40,000)
Total Other Financing Sources (Uses)	\$ (40,000)	\$ 870,000	\$ 830,000
<b>Change in Net Assets</b>	\$ 146,808	\$ 847,972	\$ 994,780
<b>Total Net Assets - Beginning</b>	844,851		844,851
<b>Total Net Assets - Ending</b>	\$ 991,659	\$ 847,972	\$ 1,839,631

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

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended March 31, 2009**

	Sanitation Enterprise Fund	Pier Enterprise Fund	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 1,137,940	\$ 85,314	\$ 1,223,254
Payments to Suppliers	(441,959)	(12,724)	(454,683)
Payments to Employees	(422,667)	(22,559)	(445,226)
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 273,314</u>	<u>\$ 50,031</u>	<u>\$ 323,345</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers Out	\$ (40,000)	\$ _____	\$ (40,000)
Net Cash and Cash Equivalents (Used) by Noncapital Financing Activities	<u>\$ (40,000)</u>	<u>\$ _____</u>	<u>\$ (40,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from Disposal of Capital Assets	\$ 588	\$ _____	\$ 588
Advance from General Fund	_____	1,630,000	1,630,000
Transfers In from Accomodations Tax Fund	_____	870,000	870,000
Purchases of Capital Assets	_____	(2,508,771)	(2,508,771)
Net Cash and Cash Equivalents Provided (Used) by Capital and Related Financing Activities	<u>\$ 588</u>	<u>\$ (8,771)</u>	<u>\$ (8,183)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	\$ 529	\$ 28	\$ 557
Net Cash and Cash Equivalents Provided by Investing Activities	<u>\$ 529</u>	<u>\$ 28</u>	<u>\$ 557</u>
<b>Net Increase in Cash and Cash Equivalents</b>	\$ 234,431	\$ 41,288	\$ 275,719
<b>Cash and Cash Equivalents - Beginning</b>	_____	_____	_____
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 234,431</u>	<u>\$ 41,288</u>	<u>\$ 275,719</u>

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

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended March 31, 2009**

	<u>Sanitation Enterprise Fund</u>	<u>Pier Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided by Operating Activities</b>			
Operating Income (Loss)	\$ 185,707	\$ (5,756)	\$ 179,951
Adjustments to Reconcile Operating Income (Loss) to Net Cash and Cash Equivalents Provided by Operating Activities:			
Depreciation	105,235	25,068	130,303
(Increase) in Accounts Receivable (Net)	(10,703)		(10,703)
Decrease in Prepaid Assets	9,202		9,202
Increase in Accounts Payable and Accrued Expenses	1,634	30,739	32,373
(Decrease) in Compensated Absences	(243)		(243)
(Decrease) in Due to Other Funds	<u>(17,518)</u>	<u>(20)</u>	<u>(17,538)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 273,314</u>	<u>\$ 50,031</u>	<u>\$ 323,345</u>

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

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUND**  
**March 31, 2009**

**ASSETS**

Cash and Cash Equivalents	\$ <u>121,128</u>
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**LIABILITIES**

Due to Town Firemen's Association	\$ <u>121,128</u>
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The accompanying notes are an integral part of the financial statements.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

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

The Town of Surfside Beach, South Carolina (Town) was incorporated in 1964 as a municipal corporation and as such possessed all the general powers granted by the Constitution and laws of South Carolina to municipal corporations.

The Town operates under the Council-Administrator form of government. The Town Council is composed of six members and the Mayor, who serves as presiding officer. The Town Council is the legislative body of the Town and has the major responsibility of determining the policies and direction of the municipal government. The Town Administrator is appointed by Town Council, and serves as the chief administrative officer of the Town. As such, he administers the daily operations of the Town through appointed department heads.

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

The more significant accounting policies of the Town are described below:

**A. Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units; potential component units are legally separate organizations for which the elected officials of the Town might be considered to be financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, based on Statements No. 14 of the GASB. The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents; it follows that an accountability perspective should provide the basis for defining the financial reporting entity. In accordance with that concept, the Town financial reporting entity consists only of all of the departments and funds of the Town, the primary government; no other separate entities have been included in the reporting entity (and these financial statements) because the Town is not financially accountable for any other separate organizations, and there are no other organizations for which the nature and significance of their relationship with the Town is such that exclusion would cause the financial statements to be misleading or incomplete.

**B. Government-Wide Financial Statements**

The Town's government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of its nonfiduciary activities. 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.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. Internally dedicated resources are also reported as general revenues.

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

**C. Fund Financial Statements**

The financial transactions of the Town 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, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The Town uses the following fund types:

Governmental Funds

The focus of the governmental funds' measurement, in the fund statements, is upon 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 Town's governmental funds:

1. General fund is the general operating fund of the Town. 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. 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 fund).

Proprietary Funds

The focus of the proprietary funds' measurement is upon 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 Town:

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

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

Fiduciary Fund

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets and is 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. GASB Statement No. 34 sets forth minimum criteria (percentages of assets, liabilities, revenues, or expenditures/expenses) for the determination of major funds.

The Town reports the following major governmental funds:

The *General Fund* is the Town'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 *Accommodations Tax Fund* is a special revenue fund that is used to account for monies received from the State, representing the Town's share of special taxes collected on rentals of transient accommodations, for the purpose of tourism related expenditures.

The *Hospitality Fund* is a special revenue fund that is used to account for a 1% fee imposed on accommodations, paid places of amusement and food and beverages served by a food facility for the purpose of beach maintenance, public beach accesses, transportation improvements, public park facilities, and capital facilities and equipment necessary for the provision of public safety services.

The *Local Accommodations Tax Fund* is a special revenue fund that is used to account for a ½% tax levied on rentals of transient accommodations for the purpose of tourism related buildings; beach accesses and maintenance; highways, roads, streets and bridges; promotion of tourism; water and sewer infrastructure; and the operation and maintenance of the above, including public safety operations directly attendant to the facilities.

The *Capital Projects Fund* is used to account for the acquisition or construction of major capital facilities.

The Town reports the following major proprietary funds:

The *Sanitation Fund* is an enterprise fund that is used to account for the provision of sanitation collection services to the residents and businesses of the Town.

The *Pier Fund* is an enterprise fund that is used to account for admissions to the pier from the general public and rentals from businesses that operate on the pier.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

The *Firemen's Fund* is used to account for resources held by the Town 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 and fiduciary fund financial statements. The Town's fiduciary funds consist only of agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town considers property taxes, franchise taxes, hospitality taxes, local accommodations taxes, intergovernmental revenues and interest 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.

**E. Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities 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 Town uses quoted market prices to determine the fair value of investments. The fair value of the Town'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 and 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.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 (advances), services provided, reimbursements or transfers.

Loans are referred to as “due to/from other funds” (i.e., the current portion) or “advances to/from other funds” (i.e., the noncurrent portion). Advances between funds are offset by a fund balance reserve in the governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as “internal balances.” 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 benefitting 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 a first-in/first-out (FIFO) 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 cash equivalents that are legally restricted as to their use. When both restricted and unrestricted resources are available for use, it is the Town’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, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 phase of capital assets of 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.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

	<u>Years</u>
Land	N/A
Land Improvements	20 - 30
Buildings and Improvements	10 - 40
Machinery, Equipment and Vehicles	5 - 20
Infrastructure	20 - 30

The Town has elected not to retroactively report infrastructure acquired prior to April 1, 2003.

**L. Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Unused sick leave may be accumulated to a total of ninety days. Upon separation from Town service or upon accumulation of the maximum amount of sick leave, an employee is entitled to reimbursement on a one day for each three days accumulated basis. Vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**M. Long-Term Obligations**

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

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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.

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. Designations of fund balance 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 1<sup>st</sup> of each year. All taxable property is assessed in proportion to its value on that date. The basis for the value of taxable property within the Town is taken from the records of the Horry County Auditor. Taxes are payable between October 1<sup>st</sup> and January 15<sup>th</sup> following their levy on October 1<sup>st</sup>. The lien date is January 15<sup>th</sup> 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 Town's proprietary funds are charges to customers for services/admissions and rentals. Operating expenses include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In accordance with GASB Statement No. 33, the Town 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 (\$1,709,076) follows:

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
(continued)

Bonds Payable (Net)	\$ (1,546,947)
Compensated Absences	(190,844)
Accrued Interest Payable	(3,823)
Deferred Bond Issuance Costs (Net)	<u>32,538</u>
Total	<u>\$ (1,709,076)</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. One element of the reconciliation that relates to capital outlays (\$909,871) is comprised of the following:

Depreciation Expense	\$ (489,755)
Capital Outlay	<u>1,399,626</u>
Total	<u>\$ 909,871</u>

Another element of the reconciliation that relates to expenses that do not require the use of current financial resources (\$37,776) is comprised of the following:

Compensated Absences	\$ (26,854)
Accrued Interest	719
Amortization of Bond Issuance Costs	(8,308)
Amortization of Bond Premium	3,617
Amortization of Loss on Advance Refunding	<u>(6,950)</u>
Total	<u>\$ (37,776)</u>

**Note 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Appropriations**

The legal level of budget control is at the fund level. Thus, expenditures may not legally exceed appropriations, including supplemental appropriations, for an individual fund. For the year ended March 31, 2009, expenditures did not exceed appropriations for any of the Town's individual funds.

**B. Deficit Fund Equity**

At March 31, 2009, none of the Town's individual funds have fund equity deficits.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 4 - DEPOSITS AND INVESTMENTS**

**A. Deposits**

At year end, the carrying amount of the Town's deposits with financial institutions was \$2,119,227 and the corresponding bank balance was \$2,237,241. Cash on hand was \$2,625.

*Custodial Credit Risk* - For deposits, this is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town does not have a policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of March 31, 2009, none of the Town's bank balances were exposed to custodial credit risk.

**B. Investments**

State statutes authorize the Town 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 Town is under no contractual agreements that restrict investment alternatives.

As of March 31, 2009, the Town's investments consisted of deposits with the South Carolina Local Government Investment Pool (SCLGIP) in the amount of \$2,857,595. It is the policy of the State Treasurer that the weighted average maturity of the LGIP portfolio not exceed 60 days. For purposes of financial statement presentation, funds deposited with the SCLGIP are classified as cash and cash equivalents.

*Custodial Credit Risk* - For investments, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Since deposits with the SCLGIP are not evidenced by securities that exist in physical or book-entry form, they are not exposed to custodial credit risk.

*Credit Risk* - The Town's investment policy requires that its portfolio consist largely of securities with top ratings issued by nationally recognized statistical rating organizations. The Town's investment in the SCLGIP was unrated. Funds deposited into the State Treasurer's investment pool are used to purchase: 1) direct obligations of the U.S. government, 2) federal agency securities, 3) repurchase agreements secured by the U.S. government and/or federal agency securities and 4) commercial paper rated A1/P1 (S&P/Moody's highest rating).

*Concentration of Credit Risk* - The Town's investment policy places no limit on the amount it may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in external investment pools are excluded from this disclosure requirement.

*Interest Rate Risk* - The Town's investment policy is to mitigate interest rate risk and ensure the preservation of capital in the overall portfolio. The Town manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. Currently, the Town only invests in the external investment pool of the State Treasurer that limits its weighted average maturity to 60 days or less.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 5 - RECEIVABLES**

Receivables at March 31, 2009, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	A-Tax Fund	Hospitality Fund	Local A-Tax Fund
Property Taxes	\$ 222,398	\$	\$	\$
Hospitality Fees			27,073	
Local Accommodations Taxes				2,622
Intergovernmental	186,520	33,782	504	
Customer Accounts				
Other	<u>6,815</u>			
	\$ 415,733	\$ 33,782	\$ 27,577	\$ 2,622
Allowance for Doubtful Accounts	<u>(84,337)</u>			
Net Receivables	<u>\$ 331,396</u>	<u>\$ 33,782</u>	<u>\$ 27,577</u>	<u>\$ 2,622</u>

	Sanitation Fund	Totals
Property Taxes	\$	\$ 222,398
Hospitality Fees		27,073
Local Accommodations Taxes		2,622
Intergovernmental		220,806
Customer Accounts	186,980	186,980
Other		<u>6,815</u>
	\$ 186,980	\$ 666,694
Allowance for Doubtful Accounts	<u>(1,100)</u>	<u>(85,437)</u>
Net Receivables	<u>\$ 185,880</u>	<u>\$ 581,257</u>

On November 19, 2001, the Town entered into a sanitation collection billing agreement with Grand Strand Water & Sewer Authority (GSWSA). The agreement requires GSWSA to administer the Town's sanitation billing and collection process. The Town is charged \$1.25 per account each month for this service and receives the amounts collected by GSWSA monthly.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Outstanding balances between funds result mainly from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At March 31, 2009, interfund receivables and payables from interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 201,118	\$
Accommodations Tax Fund		21,838
Pier Fund		179,280
Total	\$ 201,118	\$ 201,118
	Advances To Other Funds	Advances From Other Funds
General Fund	\$ 1,467,000	\$
Pier Fund		1,467,000
Total	\$ 1,467,000	\$ 1,467,000

The balance due from the Pier Fund to the General Fund represents a long-term loan to finance the purchase of the Surfside Pier. The loan was authorized by Town Council in September of 2008 and is being repaid over a term of ten years in annual installments of \$163,000 plus interest at 2.00%. The amount that the General Fund expects to collect in the subsequent fiscal year is \$179,300 including accrued interest of \$16,300.

Transfers are used to move certain revenues to finance various program costs that the government must account for in other funds in accordance with budgetary authorizations, including administrative allocations. A schedule of interfund transfers is as follows:

	Transfers In	Transfers Out
General Fund	\$ 230,042	\$ 201,104
Accommodations Tax Fund		920,042
Hospitality Fund	201,104	
Local Accommodations Tax Fund		140,000
Sanitation Fund		40,000
Pier Fund	870,000	
Total	\$ 1,301,146	\$ 1,301,146

During the year ended March 31, 2009, the Town made the following transfers that do not occur on a routine basis: (1) a transfer of \$201,104 from the General Fund to the Hospitality Fund to finance parking, land, and other capital improvements and (2) a transfer of \$870,000 from the Accommodations Tax Fund to the Pier Fund to finance the purchase of the Surfside Pier.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 7 - RESTRICTED CASH AND CASH EQUIVALENTS**

The Town's restricted cash and cash equivalents consisted of the following at March 31, 2009:

Governmental Activities:

General Fund:

Bail Bonds	\$	22,543
Drug Funds		<u>12,415</u>
Total	\$	<u><u>34,958</u></u>

**Note 8 - CAPITAL ASSETS**

The Town's capital asset activity for the year ended March 31, 2009 was as follows:

	<u>Beginning Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balance</u>
Governmental Activities:							
Capital Assets not Depreciated:							
Land	\$ 2,281,527	\$		\$		\$	2,281,527
Construction in Progress			<u>286,356</u>				<u>286,356</u>
	<u>\$ 2,281,527</u>	\$	<u>286,356</u>	\$		\$	<u>2,567,883</u>
Capital Assets Being Depreciated:							
Land Improvements	\$ 619,782	\$		\$		\$	619,782
Buildings and Improvements	1,620,800		32,279				1,653,079
Machinery, Equipment and Vehicles	3,311,498		242,480		(74,711)		3,479,267
Infrastructure	<u>4,150,958</u>		<u>838,511</u>				<u>4,989,469</u>
	<u>\$ 9,703,038</u>	\$	<u>1,113,270</u>	\$	<u>(74,711)</u>	\$	<u>10,741,597</u>
Less Accumulated Depreciation for:							
Land Improvements	\$ (212,919)	\$	(29,410)	\$		\$	(242,329)
Buildings and Improvements	(660,945)		(55,889)				(716,834)
Machinery, Equipment and Vehicles	(2,013,466)		(258,428)		67,970		(2,203,924)
Infrastructure	<u>(289,068)</u>		<u>(146,028)</u>				<u>(435,096)</u>
	<u>\$ (3,176,398)</u>	\$	<u>(489,755)</u>	\$	<u>67,970</u>	\$	<u>(3,598,183)</u>
Capital Assets (Net)	<u>\$ 8,808,167</u>	\$	<u>909,871</u>	\$	<u>(6,741)</u>	\$	<u>9,711,297</u>

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 8 - CAPITAL ASSETS (continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets not Depreciated:				
Land	\$ _____	\$ <u>1,508,771</u>	\$ _____	\$ <u>1,508,771</u>
	\$ _____	\$ <u>1,508,771</u>	\$ _____	\$ <u>1,508,771</u>
Capital Assets Being Depreciated:				
Buildings	\$ 50,557	\$ 1,000,000	\$ _____	\$ 1,050,557
Machinery, Equipment and Vehicles	<u>969,278</u>	_____	<u>(14,337)</u>	<u>954,941</u>
	\$ <u>1,019,835</u>	\$ <u>1,000,000</u>	\$ <u>(14,337)</u>	\$ <u>2,005,498</u>
Less Accumulated Depreciation for:				
Buildings	\$ (15,934)	\$ (28,303)	\$ _____	\$ (44,237)
Machinery, Equipment and Vehicles	<u>(279,093)</u>	<u>(102,000)</u>	<u>14,337</u>	<u>(366,756)</u>
	\$ <u>(295,027)</u>	\$ <u>(130,303)</u>	\$ <u>14,337</u>	\$ <u>(410,993)</u>
Capital Assets (Net)	\$ <u><u>724,808</u></u>	\$ <u><u>2,378,468</u></u>	\$ <u><u>_____</u></u>	\$ <u><u>3,103,276</u></u>

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

Governmental Activities:	
General Government	\$ 189,105
Public Safety	164,722
Building and Zoning	2,088
Street	95,228
Culture and Recreational	<u>38,612</u>
Total	\$ <u><u>489,755</u></u>
Business-Type Activities:	
Sanitation	\$ 105,235
Pier	<u>25,068</u>
Total	\$ <u><u>130,303</u></u>

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 9 - DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At March 31, 2009, various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	General Fund	Hospitality Fund
Unavailable:		
Property Taxes	\$ 107,488	\$
Grants		504
Total Unavailable	\$ 107,488	\$ 504
Unearned:		
Grants	\$	18,535
Total Unearned	\$	18,535
Total Deferred Revenue	\$ 107,488	\$ 19,039

**Note 10 - LONG-TERM LIABILITIES**

**A. Governmental Activities**

At March 31, 2009, long-term debt of the Town's governmental activities was as follows:

	Original Issue	Interest Rate	Maturity Date	Outstanding
General Obligation Bonds:				
Refunding Series 2004	\$ 3,165,000	2.0 - 3.0%	3/1/13	\$ 1,560,000

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are to be repaid with property tax revenues.

Annual debt service requirements to maturity for all debt outstanding follows:

	Principal	Interest	Total
Year Ending March 31,			
2010	\$ 370,000	\$ 45,875	\$ 415,875
2011	375,000	35,700	410,700
2012	400,000	24,450	424,450
2013	415,000	12,450	427,450
Total	\$ 1,560,000	\$ 118,475	\$ 1,678,475

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 10 - LONG-TERM LIABILITIES (continued)**

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

The Town's long-term liability activity for the year ended March 31, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 1,905,000	\$	\$ (345,000)	\$ 1,560,000	\$ 370,000
Premium	17,783		(3,617)	14,166	
Loss on Refunding	<u>(34,169)</u>		<u>6,950</u>	<u>(27,219)</u>	
	\$ 1,888,614	\$	\$ (341,667)	\$ 1,546,947	\$ 370,000
Compensated Absences	<u>163,990</u>	<u>231,660</u>	<u>(204,806)</u>	<u>190,844</u>	<u>89,489</u>
Total	<u>\$ 2,052,604</u>	<u>\$ 231,660</u>	<u>\$ (546,473)</u>	<u>\$ 1,737,791</u>	<u>\$ 459,489</u>
Business-Type Activities:					
Compensated Absences	<u>\$ 29,078</u>	<u>\$ 31,716</u>	<u>\$ (31,959)</u>	<u>\$ 28,835</u>	<u>\$ 13,372</u>

Other long-term liabilities, such as compensated absences, are generally liquidated by the General Fund and Sanitation Fund.

**Note 11- RETIREMENT PLANS**

**A. Plan Description**

Town 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 employee retirement systems (PERS). Each plan provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions are established under authority of Title 9 of the South Carolina Code of Laws. The South Carolina Retirement Systems issue a Comprehensive Annual Financial Report which discloses detailed information regarding benefit provisions and actuarial information. That report is available to the public and may be obtained by writing to South Carolina Retirement Systems, Post Office Box 11960, Capital Station, Columbia, South Carolina 29211-1960 or by accessing their website at [www.retirement.sc.gov](http://www.retirement.sc.gov).

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 11- RETIREMENT PLANS (continued)**

**B. Funding Policy**

Members of the PORS and SCRS are required to contribute at rates of 6.50% of their covered wages. The Town is required to contribute at actuarially determined rates, currently 10.85% (10.50% through June 2008) of PORS member wages and 9.39% (9.21% through June of 2008) of SCRS member wages which includes group life contributions of .20% and .15%, respectively. The contribution requirements of plan members and the Town are established and may be amended by the South Carolina Retirement Systems. The Town's contributions to the PORS for the fiscal years ended March 31, 2009, 2008, and 2007 were \$109,239, \$96,246, and \$126,245, respectively. The Town's contributions to the SCRS for the fiscal years ended March 31, 2009, 2008, and 2007 were \$154,973, \$146,886, and \$215,483, respectively. The contributions made by the Town to the PORS and SCRS, as shown above, were equal to the required contributions for each year.

**Note 12 - RISK MANAGEMENT**

The Town 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. In order to protect against these losses, the Town purchases insurance. There were no significant reductions in insurance coverage from the previous year. Settled claims have not exceeded insurance coverage for the past three fiscal years ended March 31, 2009, 2008, and 2007. The Town also acquires insurance for job related injury and illness (workers' compensation) for its employees. Workers' compensation is insured under a retrospectively rated policy where premiums paid are estimated throughout the year and adjusted subsequent to the policy period based on actual experience.

**Note 13 - LITIGATION AND CONTINGENCIES**

The Town is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable; however, the Town does not believe the settlement of these matters will have a material effect on the financial condition of the Town. The Town also participates in federal and/or state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the Town. The Town expects such amounts, if any, to be immaterial.

**Note 14 - NET ASSETS RESTRICTIONS**

The Town has restricted net assets in the amount of \$1,861,348 for tourism promotion and support. Of this amount, \$1,820,924 has been restricted through enabling legislation to be financed by the Town's local hospitality and accommodations taxes.

**Note 15 - CONSTRUCTION COMMITMENTS**

The Town has active construction projects as of March 31, 2009. The projects include the dredging of Palmetto Lake, the installation of sidewalks along Poplar Drive, and the paving and beautification of Yaupon parking lot.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 15 - CONSTRUCTION COMMITMENTS (continued)**

At year end, the Town's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>	<u>Estimated Completion Date</u>
Palmetto Lake Dredging	\$	\$ 61,356	April 2009
Poplar Drive Sidewalks		65,500	June 2009
Yaupon Parking Lot Paving and Beautification	<u>73,850</u>	<u>75,826</u>	May 2009
Total	<u>\$ 73,850</u>	<u>\$ 202,682</u>	

**Note 16 - SUBSEQUENT EVENTS**

In April of 2009, the Town entered into a construction commitment in the amount of \$2,109,722 for the construction of a new fire station. The project is to be funded wholly by Hospitality funds. The project is expected to be complete within one year of the contract date.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**

Year Ended March 31, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,033,824	\$ 2,033,824	\$ 2,045,999	\$ 12,175
Franchise Fees	508,236	508,236	526,406	18,170
Licenses and Permits	1,525,250	1,525,250	1,574,633	49,383
Fines and Forfeitures	193,000	193,000	263,399	70,399
Intergovernmental	318,720	318,720	533,268	214,548
Other	237,400	237,400	213,823	(23,577)
Total Revenues	\$ 4,816,430	\$ 4,816,430	\$ 5,157,528	\$ 341,098
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 896,470	\$ 978,871	\$ 976,897	\$ 1,974
Public Safety	2,030,357	2,096,100	2,061,901	34,199
Building and Zoning	255,571	243,622	239,729	3,893
Street	635,022	877,220	879,465	(2,245)
Intragovernmental Maintenance	78,994	78,994	78,084	910
Culture and Recreation	405,903	447,471	447,992	(521)
Non-Departmental	138,041	122,910	123,710	(800)
Capital Outlay	418,800	144,874	162,070	(17,196)
Debt Service:				
Principal	345,000	345,000	345,000	
Interest	54,500	54,500	54,500	
Agent Fees	1,500	1,500	1,060	440
Total Expenditures	\$ 5,260,158	\$ 5,391,062	\$ 5,370,408	\$ 20,654
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (443,728)	\$ (574,632)	\$ (212,880)	\$ 361,752
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 228,750	\$ 228,750	\$ 230,042	\$ 1,292
Transfers Out	(50,000)	(87,007)	(201,104)	(114,097)
Proceeds From Sale of Capital Assets	8,000	8,000		(8,000)
Total Other Financing Sources (Uses)	\$ 186,750	\$ 149,743	\$ 28,938	\$ (120,805)
<b>Net Change in Fund Balances</b>	\$ (256,978)	\$ (424,889)	\$ (183,942)	\$ 240,947
<b>Fund Balances - Beginning</b>	4,523,096	4,523,096	4,523,096	
<b>Fund Balances - Ending</b>	\$ 4,266,118	\$ 4,098,207	\$ 4,339,154	\$ 240,947

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**ACCOMMODATIONS TAX FUND**  
**Year Ended March 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 527,687	\$ 27,687
Other	20,224	20,224	11,359	(8,865)
Total Revenues	<u>\$ 520,224</u>	<u>\$ 520,224</u>	<u>\$ 539,046</u>	<u>\$ 18,822</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	\$ 153,111	\$ 148,614	\$ 148,424	\$ 190
Street	81,145	81,145	74,639	6,506
Culture and Recreation	34,960	39,858	39,127	731
Non-Departmental	156,500	161,931	160,639	1,292
Capital Outlay	42,000	42,000	48,737	(6,737)
Total Expenditures	<u>\$ 467,716</u>	<u>\$ 473,548</u>	<u>\$ 471,566</u>	<u>\$ 1,982</u>
Excess of Revenues Over Expenditures	\$ 52,508	\$ 46,676	\$ 67,480	\$ 20,804
<b>OTHER FINANCING (USES)</b>				
Transfers Out	<u>\$ (48,750)</u>	<u>\$ (48,750)</u>	<u>\$ (920,042)</u>	<u>\$ (871,292)</u>
<b>Net Change in Fund Balances</b>	\$ 3,758	\$ (2,074)	\$ (852,562)	\$ (850,488)
<b>Fund Balances - Beginning</b>	<u>871,148</u>	<u>871,148</u>	<u>871,148</u>	<u>                    </u>
<b>Fund Balances - Ending</b>	<u><u>\$ 874,906</u></u>	<u><u>\$ 869,074</u></u>	<u><u>\$ 18,586</u></u>	<u><u>\$ (850,488)</u></u>

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**HOSPITALITY FUND**  
**Year Ended March 31, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Hospitality Fees	\$ 700,000	\$ 700,000	\$ 669,304	\$ (30,696)
Intergovernmental			15,919	15,919
Other	<u>166,305</u>	<u>166,305</u>	<u>150,099</u>	<u>(16,206)</u>
Total Revenues	\$ <u>866,305</u>	\$ <u>866,305</u>	\$ <u>835,322</u>	\$ <u>(30,983)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 15,161	\$ 25,689	\$ 25,571	\$ 118
Public Safety	61,924	48,286	49,494	(1,208)
Culture and Recreation	177,000	37,752	25,641	12,111
Non-Departmental		1,445	20	1,425
Capital Outlay	<u>150,000</u>	<u>315,571</u>	<u>326,991</u>	<u>(11,420)</u>
Total Expenditures	\$ <u>404,085</u>	\$ <u>428,743</u>	\$ <u>427,717</u>	\$ <u>1,026</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>462,220</u>	\$ <u>437,562</u>	\$ <u>407,605</u>	\$ <u>(29,957)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	\$ 50,000	\$ 50,000	\$ 201,104	\$ 151,104
Proceeds From Sale of Capital Assets			4,258	4,258
Total Other Financing Sources	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>205,362</u>	\$ <u>155,362</u>
<b>Net Change in Fund Balances</b>	\$ 512,220	\$ 487,562	\$ 612,967	\$ 125,405
<b>Fund Balances - Beginning</b>	<u>1,199,860</u>	<u>1,199,860</u>	<u>1,199,860</u>	
<b>Fund Balances - Ending</b>	\$ <u><u>1,712,080</u></u>	\$ <u><u>1,687,422</u></u>	\$ <u><u>1,812,827</u></u>	\$ <u><u>125,405</u></u>

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**LOCAL ACCOMMODATIONS TAX FUND**  
**Year Ended March 31, 2009**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Local Accommodations Taxes	\$ 140,000	\$ 140,000	\$ 139,549	\$ (451)
Other			323	323
Total Revenues	\$ 140,000	\$ 140,000	\$ 139,872	\$ (128)
<b>OTHER FINANCING (USES)</b>				
Transfers Out	\$ (140,000)	\$ (140,000)	\$ (140,000)	\$ _____
<b>Net Change in Fund Balances</b>	\$ _____	\$ _____	\$ (128)	\$ (128)
<b>Fund Balances - Beginning</b>	7,721	7,721	7,721	_____
<b>Fund Balances - Ending</b>	\$ 7,721	\$ 7,721	\$ 7,593	\$ (128)

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**March 31, 2009**

**Note 1 - BUDGETS AND BUDGETARY ACCOUNTING**

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

1. Prior to March 1<sup>st</sup>, the Town Administrator submits to Town Council a proposed operating budget for the fiscal year commencing April 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to March 31<sup>st</sup>, the budget is legally enacted through passage of an ordinance.
4. The Town Administrator is authorized to transfer budgeted amounts between departments within any fund; however, revisions that alter the total expenditures of any fund must be approved by Town Council. Thus, the legal level of control is at the fund level.
5. The Town 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 on a basis consistent with generally accepted accounting principles.
6. Appropriations lapse at the end of each fiscal 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 March 31, 2009, expenditures did not exceed appropriations for any of the Town's individual funds which are presented as required supplementary information. Supplemental funds were appropriated for expenditures during the year ended March 31, 2009 as follows:

General Fund	\$ 130,904
Accommodations Tax Fund	5,832
Hospitality Fund	24,658

## **INDIVIDUAL FUND STATEMENT**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIREMEN'S FUND**  
**Year Ended March 31, 2009**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ <u>80,863</u>	\$ <u>49,788</u>	\$ <u>9,523</u>	\$ <u>121,128</u>
<b>LIABILITIES</b>				
Due to Town Firemen's Association	\$ <u>80,863</u>	\$ <u>49,788</u>	\$ <u>9,523</u>	\$ <u>121,128</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**Year Ended March 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	\$ 238,500	\$ 238,500	\$ 257,880	\$ 19,380
Intergovernmental	100,000	100,000	100,000	
Other	15,000	15,000	8,097	(6,903)
Total Revenues	<u>\$ 353,500</u>	<u>\$ 353,500</u>	<u>\$ 365,977</u>	<u>\$ 12,477</u>
<b>EXPENDITURES</b>				
Current:				
Street	\$ 15,000	\$ 15,000	\$ 15,079	\$ (79)
Non-Departmental			36	(36)
Capital Outlay	485,000	856,443	856,328	115
Total Expenditures	<u>\$ 500,000</u>	<u>\$ 871,443</u>	<u>\$ 871,443</u>	<u>\$</u>
<b>Net Change in Fund Balances</b>	<b>\$ (146,500)</b>	<b>\$ (517,943)</b>	<b>\$ (505,466)</b>	<b>\$ 12,477</b>
<b>Fund Balances - Beginning</b>	<u>508,918</u>	<u>508,918</u>	<u>508,918</u>	<u></u>
<b>Fund Balances - Ending</b>	<u><u>\$ 362,418</u></u>	<u><u>\$ (9,025)</u></u>	<u><u>\$ 3,452</u></u>	<u><u>\$ 12,477</u></u>

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS - BUDGET AND ACTUAL**  
**SANITATION FUND**  
**Year Ended March 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,153,564	\$ 1,153,564	\$ 1,148,643	\$ (4,921)
Total Revenues	<u>\$ 1,153,564</u>	<u>\$ 1,153,564</u>	<u>\$ 1,148,643</u>	<u>\$ (4,921)</u>
<b>OPERATING EXPENSES</b>				
Personnel Service and Related Expenses	\$ 405,102	\$ 420,519	\$ 420,679	\$ (160)
Maintenance and Service Contracts	367,006	366,253	366,253	
Materials and Supplies	47,200	47,200	53,661	(6,461)
Repairs and Maintenance	2,500	2,500	1,810	690
Depreciation	100,000	105,235	105,235	
Other Operating Expenses	21,551	21,551	15,298	6,253
Total Operating Expenses	<u>\$ 943,359</u>	<u>\$ 963,258</u>	<u>\$ 962,936</u>	<u>\$ 322</u>
Operating Income (Loss)	<u>\$ 210,205</u>	<u>\$ 190,306</u>	<u>\$ 185,707</u>	<u>\$ (4,599)</u>
<b>NONOPERATING REVENUES</b>				
Interest Earnings	\$ 3,877	\$ 3,877	\$ 513	\$ (3,364)
Gain on Disposal of Capital Assets			588	588
Total Nonoperating Revenues	<u>\$ 3,877</u>	<u>\$ 3,877</u>	<u>\$ 1,101</u>	<u>\$ (2,776)</u>
Income (Loss) Before Transfers	\$ 214,082	\$ 194,183	\$ 186,808	\$ (7,375)
Transfers Out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	
<b>Change in Net Assets</b>	\$ 174,082	\$ 154,183	\$ 146,808	\$ (7,375)
<b>Total Net Assets - Beginning</b>	<u>844,851</u>	<u>844,851</u>	<u>844,851</u>	
<b>Total Net Assets - Ending</b>	<u><u>\$ 1,018,933</u></u>	<u><u>\$ 999,034</u></u>	<u><u>\$ 991,659</u></u>	<u><u>\$ (7,375)</u></u>

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS - BUDGET AND ACTUAL  
PIER FUND**

**Year Ended March 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Charges for Services	\$	\$	\$ 85,314	\$ 85,314
Total Revenues	\$	\$	\$ 85,314	\$ 85,314
<b>OPERATING EXPENSES</b>				
Personnel Service and Related Expenses	\$	\$ 24,006	\$ 24,006	\$
Materials and Supplies		305	305	
Repairs and Maintenance		30,900	30,900	
Depreciation		25,068	25,068	
Other Operating Expenses		10,791	10,791	
Total Operating Expenses	\$	\$ 91,070	\$ 91,070	\$
Operating Income (Loss)	\$	\$ (91,070)	\$ (5,756)	\$ 85,314
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Earnings	\$	\$	\$ 28	\$ 28
Interest Expense			(16,300)	(16,300)
Total Nonoperating Revenues (Expenses)	\$	\$	\$ (16,272)	\$ (16,272)
Income (Loss) Before Transfers	\$	\$ (91,070)	\$ (22,028)	\$ 69,042
Transfers In			870,000	870,000
<b>Change in Net Assets</b>	\$	\$ (91,070)	\$ 847,972	\$ 939,042
<b>Total Net Assets - Beginning</b>				
<b>Total Net Assets - Ending</b>	\$	\$ (91,070)	\$ 847,972	\$ 939,042

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES**  
**Year Ended March 31, 2009**

**COURT FINES**

Court Fines Collected	\$ 155,903
Court Fines Retained by Town	<u>(155,903)</u>
Court Fines Remitted to the State Treasurer	<u>\$</u>

**COURT ASSESSMENTS**

Court Assessments Collected	\$ 154,816
Court Assessments Retained by Town	<u>(17,046)</u>
Court Assessments Remitted to the State Treasurer	<u>\$ 137,770</u>

**COURT SURCHARGES**

Court Surcharges Collected	\$ 57,729
Court Surcharges Retained by Town	<u>(7,253)</u>
Court Surcharges Remitted to the State Treasurer	<u>\$ 50,476</u>

**COURT DPS PULLOUTS**

Court DPS Pullouts Collected	\$ 8,001
Court DPS Pullouts Retained by Town	<u></u>
Court DPS Pullouts Remitted to the State Treasurer	<u>\$ 8,001</u>

**VICTIMS SERVICES**

Court Assessments Allocated to Victim Services	\$ 17,046
Court Surcharges Allocated to Victim Services	<u>7,253</u>
Total Funds Allocated to Victim Services	\$ 24,299
Victim Services Expenditures	(30,237)
Prior Year Carryforward	<u></u>
Funds Available for Carryforward	<u>\$</u>

# **STATISTICAL INFORMATION**

## STATISTICAL SECTION

This part of the Town of Surfside 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 government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	55-62
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	63-66
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	67-70
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	71-72
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	73-75

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**NET ASSETS BY COMPONENT**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 8,196,888	\$ 6,919,553	\$ 5,344,522	\$ 4,046,028	\$ 3,839,574	\$ 2,138,699	\$	\$	\$	\$
Restricted	1,867,568	2,093,153	1,536,378	1,558,229	1,431,687	1,813,481				
Unrestricted	4,227,369	5,006,855	5,618,178	5,139,727	3,769,262	3,234,283				
Total governmental activities net assets	\$ 14,291,825	\$ 14,019,561	\$ 12,499,078	\$ 10,743,984	\$ 9,040,523	\$ 7,186,463	\$	\$	\$	\$
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 3,103,276	\$ 724,808	\$ 410,834	\$ 352,927	\$ 371,668	\$ 304,001	\$	\$	\$	\$
Unrestricted	(1,263,645)	120,043	317,139	96,446	69,340	111,154				
Total business-type activities net assets	\$ 1,839,631	\$ 844,851	\$ 727,973	\$ 449,373	\$ 441,008	\$ 415,155	\$	\$	\$	\$
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$ 11,300,164	\$ 7,644,361	\$ 5,755,356	\$ 4,398,955	\$ 4,211,242	\$ 2,442,700	\$	\$	\$	\$
Restricted	1,867,568	2,093,153	1,536,378	1,558,229	1,431,687	1,813,481				
Unrestricted	2,963,724	5,126,898	5,935,317	5,236,173	3,838,602	3,345,437				
Total primary government activities net assets	\$ 16,131,456	\$ 14,864,412	\$ 13,227,051	\$ 11,193,357	\$ 9,481,531	\$ 7,601,618	\$	\$	\$	\$

Note: The Town of Surfside Beach is retroactively reporting data back to the year of GASB 34 implementation, which was fiscal year ending 2004. Net asset information is not available prior to that fiscal year.

**UNAUDITED**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**CHANGES IN NET ASSETS  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 1,487,967	\$ 1,372,244	\$ 1,518,483	\$ 1,095,556	\$ 1,041,351	\$ 1,120,580	\$	\$	\$	\$
Public Safety	2,460,933	2,371,314	2,015,991	2,072,616	1,885,525	1,723,611				
Building and Zoning	244,152	282,304	238,278							
Street	1,111,069	1,178,169	732,622	711,466	577,946	500,730				
Culture and Recreation	558,936	483,391	479,222	398,886	418,413	424,559				
Interest and Fiscal Charges	66,482	88,181	85,049	87,255	93,271	157,207				
Total governmental activities expense	5,929,539	5,775,603	5,069,645	4,365,779	4,016,506	3,926,687				
Business-type activities:										
Sanitation	962,936	1,072,194	929,637	915,909	858,613	818,329				
Pier	107,370									
Total business-type activities	1,070,306	1,072,194	929,637	915,909	858,613	818,329				
Total primary government expenses	\$ 6,999,845	\$ 6,847,797	\$ 5,999,282	\$ 5,281,688	\$ 4,875,119	\$ 4,745,016	\$	\$	\$	\$
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General Government	\$ 126,601	\$ 153,714	\$ 95,322	\$ 104,791	\$ 94,636	\$ 91,525	\$	\$	\$	\$
Public Safety	311,218	273,900	223,656	511,478	402,749	338,202				
Building and Zoning	130,110	160,393	271,658							
Culture and Recreation	52,928	53,763	59,487	54,251	62,254	68,337				
Operating Grants and Contributions	212,262	69,271	83,425	52,633	70,524	33,263				
Capital Grants and Contributions	197,101	298,645	94,350	75,959	413,238	409,324				
Total governmental activities program revenues	1,030,220	1,009,686	827,898	799,112	1,043,401	940,651				
Business-type activities:										
Charges for Services	1,148,643	1,164,391	1,141,924	925,145	865,325	802,599				
Sanitation										
Pier	85,314									
Operating Grants and Contributions					17,405					
Total business-type activities program revenues	1,233,957	1,164,391	1,141,924	925,145	882,730	802,599				
Total primary government revenues	\$ 2,264,177	\$ 2,174,077	\$ 1,969,822	\$ 1,724,257	\$ 1,926,131	\$ 1,743,250	\$	\$	\$	\$

**UNAUDITED**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**CHANGES IN NET ASSETS**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year												
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000			
Net (expense) revenue	\$	(4,899,319)	\$	(4,765,917)	\$	(4,241,747)	\$	(3,566,667)	\$	(2,973,105)	\$	(2,986,036)	\$
Governmental activities		163,651		92,197		212,287		9,236		24,117		(15,730)	
Business-type activities		(4,735,668)		(4,673,720)		(4,029,460)		(3,557,431)		(2,948,988)		(3,001,766)	
Total primary government net expense	\$	(4,735,668)	\$	(4,673,720)	\$	(4,029,460)	\$	(3,557,431)	\$	(2,948,988)	\$	(3,001,766)	\$
<b>General Revenues and Other Changes in Net Assets</b>													
Governmental activities	\$	2,316,688	\$	2,208,501	\$	2,146,666	\$	2,088,116	\$	1,979,199	\$	1,919,558	\$
Property taxes		139,549		146,587		136,914		116,393		106,475		97,211	
Local Accommodations Taxes		1,455,823		1,548,915		1,331,700		1,192,406		1,018,750		944,899	
Business Licenses Taxes		526,406		518,911		496,568		469,622		446,194		463,956	
Franchise Taxes		669,304		721,269		674,718		615,341		588,603		560,257	
Hospitality Fees		759,823		759,845		686,736		617,989		586,771		544,689	
Unrestricted Grants and Contributions		122,639		357,720		373,855		209,305		82,684		65,317	
Investment Earnings		6,717		29,494		7,551		8,489					
Gain on Disposal of Capital Assets		4,634		4,652		63,542							
Other General Revenues		(830,000)		20,000		16,648		9,618		10,000		10,000	
Transfers		5,171,583		6,286,400		5,956,841		5,326,341		4,827,165		4,605,887	
Total governmental activities	\$	5,171,583	\$	6,286,400	\$	5,956,841	\$	5,326,341	\$	4,827,165	\$	4,605,887	\$
Business-type activities		541		6,929		7,286		2,567		625		956	
Investment Earnings		588		37,752		75,675		11,820		11,111		(10,000)	
Gain on Disposal of Capital Assets		830,000		(20,000)		(16,648)		(9,618)		(10,000)		(10,000)	
Transfers		831,129		24,681		66,313		4,769		1,736		(9,044)	
Total business-type activities		6,002,712		6,311,081		6,023,154		5,331,110		4,828,901		4,596,843	
Total primary government	\$	6,002,712	\$	6,311,081	\$	6,023,154	\$	5,331,110	\$	4,828,901	\$	4,596,843	\$
<b>Changes in Net Assets</b>													
Governmental activities	\$	272,264	\$	1,520,483	\$	1,715,094	\$	1,759,674	\$	1,854,060	\$	1,619,851	\$
Business-type activities		994,780		116,878		278,600		14,005		25,853		(24,774)	
Total primary government	\$	1,267,044	\$	1,637,361	\$	1,993,694	\$	1,773,679	\$	1,879,913	\$	1,595,077	\$

Note: The Town of Surfside Beach is retroactively reporting data back to the year of GASB Statement 34 implementation, which was fiscal year ending 2004. Information on the changes in net assets is not available prior to that fiscal year. Building and Zoning was not separately budgeted and presented prior to fiscal year 2007.

**UNAUDITED**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

Fiscal Year	Property Taxes	Local Accommodations Taxes	Business Licenses Taxes	Franchise Taxes	Hospitality Fees	Total
2000	\$	\$	\$	\$	\$	\$
2001						
2002						
2003						
2004	1,919,558	97,211	944,899	463,956	560,257	3,985,881
2005	1,979,199	106,475	1,018,750	446,194	588,603	4,139,221
2006	2,088,116	116,393	1,192,406	469,622	615,341	4,481,878
2007	2,146,666	136,914	1,331,700	496,568	674,718	4,786,566
2008	2,208,501	146,587	1,548,915	518,911	721,269	5,144,183
2009	2,316,688	139,549	1,455,823	526,406	669,304	5,107,770

Note: The Town of Surfside Beach is retroactively reporting data back to the year of GASB Statement 34 implementation, which was fiscal year ending 2004. Information on the collection of taxes by full accrual accounting is not available prior to that fiscal year.

**UNAUDITED**

TOWN OF SURFSIDE BEACH, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>General Fund</b>										
Reserved	\$ 1,546,373	\$ 91,008	\$ 93,072	\$ 75,261	\$ 33,315	\$ 35,182	\$ 32,645	\$ 30,828	\$ 31,442	\$ 28,006
Unreserved - designated	1,650,115	1,680,447	1,865,981	2,279,217	2,084,519	2,033,345	1,934,368	1,785,327	1,583,651	1,711,458
Unreserved - undesignated	1,142,666	2,751,641	2,451,112	1,901,664	1,394,656	942,261	1,260,260	974,821	792,600	625,008
<b>Total General Fund</b>	<b>\$ 4,339,154</b>	<b>\$ 4,523,096</b>	<b>\$ 4,410,165</b>	<b>\$ 4,256,142</b>	<b>\$ 3,512,490</b>	<b>\$ 3,010,788</b>	<b>\$ 3,227,273</b>	<b>\$ 2,790,976</b>	<b>\$ 2,407,693</b>	<b>\$ 2,364,472</b>
<b>All Other Governmental Funds</b>										
Unreserved - designated, reported in:										
Special Revenue Funds	\$ 222,124	\$ 804,042	\$ 806,388	\$ 867,860	\$ 797,982	\$ 731,586	\$ 685,190	\$ 620,268	\$ 427,068	\$ 152,376
Capital Projects Fund	3,452	508,918	1,427,988	869,854	274,872	249,670				
Unreserved - undesignated, reported in:										
Special Revenue Funds	1,616,882	1,274,687	720,641	685,407	633,705	1,081,895	801,547	597,352	459,587	393,268
<b>Total All Other Governmental Funds</b>	<b>\$ 1,842,458</b>	<b>\$ 2,587,647</b>	<b>\$ 2,955,017</b>	<b>\$ 2,423,121</b>	<b>\$ 1,706,559</b>	<b>\$ 2,063,151</b>	<b>\$ 1,486,737</b>	<b>\$ 1,217,620</b>	<b>\$ 886,655</b>	<b>\$ 545,644</b>

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Revenues</b>										
Property Taxes	\$ 2,303,879	\$ 2,201,127	\$ 2,138,888	\$ 2,089,430	\$ 1,977,665	\$ 1,904,727	\$ 1,549,091	\$ 1,503,677	\$ 1,494,180	\$ 1,498,268
Franchise Taxes	526,406	518,911	496,568	469,622	446,194	463,956	411,069	404,842	389,423	361,779
Hospitality Taxes	669,304	721,269	674,718	615,341	588,603	560,257	523,223	498,807	475,182	450,204
Local Accommodations Taxes	139,549	146,587	136,914	116,393	106,475	97,211	70,790	1,046,050	891,821	853,703
Licenses and Permits	1,574,633	1,701,548	1,603,205	1,538,253	1,308,524	1,152,481	1,078,292	211,580	173,044	140,597
Fines and Forfeitures	263,399	235,078	200,389	143,450	112,289	120,975	157,129	655,736	645,570	804,289
Intergovernmental	1,176,874	1,087,759	846,261	733,381	1,061,879	902,418	661,115	159,493	119,027	111,165
Other	383,701	634,161	639,085	406,158	248,914	238,482	165,711	4,480,185	4,188,247	4,220,005
<b>Total Revenues</b>	<b>7,037,745</b>	<b>7,246,440</b>	<b>6,736,028</b>	<b>6,112,028</b>	<b>5,850,543</b>	<b>5,440,507</b>	<b>4,616,420</b>	<b>4,480,185</b>	<b>4,188,247</b>	<b>4,220,005</b>
<b>Expenditures</b>										
General Government	1,002,468	806,707	800,304	698,260	665,268	604,629	536,936	520,647	494,309	481,625
Public Safety	2,259,819	2,155,183	1,810,943	1,916,226	1,714,933	1,574,263	1,371,654	1,346,274	1,306,964	1,208,816
Building and Zoning	239,729	273,739	231,620							
Street	969,183	967,011	647,018	582,603	464,442	451,789	543,656	448,451	409,695	374,407
Intragovernmental Maintenance	78,084	85,651	83,768	106,545	78,784	83,011	70,630	120,176	133,997	116,241
Culture and Recreation	512,760	437,305	447,773	362,944	387,278	409,503	369,884	333,865	316,652	288,352
Non-Departmental	284,405	479,198	599,589	331,733	313,716	359,923	448,982	402,180	385,053	370,096
Capital Outlay	1,394,126	1,693,092	1,110,855	281,261	1,719,032	1,196,761	304,923	288,444	569,147	1,326,691
Debt Service:										
Principal	345,000	562,789	320,000	310,000	300,000	346,347	255,000	245,000	235,000	220,000
Interest	54,500	79,961	69,150	73,350	88,129	75,698	174,179	185,204	195,769	205,669
Agent Fees	1,060	1,060	998	780	780	540	1,027	976	973	4,289
<b>Total Expenditures</b>	<b>7,141,134</b>	<b>7,541,696</b>	<b>6,122,018</b>	<b>4,663,702</b>	<b>5,733,362</b>	<b>5,102,464</b>	<b>4,076,871</b>	<b>3,891,217</b>	<b>4,047,559</b>	<b>4,596,186</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103,389)	(295,256)	614,010	1,448,326	118,181	338,043	539,549	588,968	140,688	(376,181)

**UNAUDITED**

TOWN OF SURFSIDE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Other Financing Sources (Uses)</b>										
Transfers In	431,146	299,861	639,976	691,133	1,208,199	1,064,446	174,395	98,081	116,867	81,248
Transfers Out	(1,261,146)	(279,861)	(619,976)	(681,133)	(1,198,199)	(1,054,446)	(164,395)	(98,081)	(116,867)	(81,248)
Proceeds Sale of Capital Assets	4,258	20,817	11,909	5,487	16,929		78,939	11,909	8,042	5,275
Total Financing Sources (Uses)	(825,742)	40,817	31,909	15,487	26,929	10,000	88,939	11,909	8,042	5,275
Net Change in Fund Balances	\$ (929,131)	\$ (254,439)	\$ 645,919	\$ 1,463,813	\$ 145,110	\$ 348,043	\$ 628,488	\$ 600,877	\$ 148,730	\$ (370,906)
Debt Service as a Percentage of Noncapital Expenditures	7.49%	11.07%	7.78%	8.82%	9.69%	10.82%	11.41%	11.97%	12.41%	13.15%

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

Fiscal Year	Property Taxes	Local Accommodations Taxes	Business Licenses Taxes	Franchise Taxes	Hospitality Fees	Total
2000	\$ 1,498,268	\$	\$ 853,703	\$ 361,779	\$ 450,204	\$ 3,163,954
2001	1,494,180		891,821	389,423	475,182	3,250,606
2002	1,503,677		1,046,050	404,842	498,807	3,453,376
2003	1,549,091	70,790	1,078,292	411,069	523,223	3,632,465
2004	1,904,727	97,211	944,899	463,956	560,257	3,971,050
2005	1,977,665	106,475	1,018,750	446,194	588,603	4,137,687
2006	2,089,430	116,393	1,192,406	469,622	615,341	4,483,192
2007	2,138,888	136,914	1,331,700	496,568	674,718	4,778,788
2008	2,201,127	146,587	1,548,915	518,911	721,269	5,136,809
2009	2,303,879	139,549	1,455,823	526,406	669,304	5,094,961

**UNAUDITED**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years**

Fiscal Year End	Tax Year	Real Property Assessed Value	Personal Property Assessed Value	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Tax Millage	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
3/31/00	1999	\$ 28,328,963	\$ 4,336,059	\$ 521,250	\$ 32,143,772	44.0	\$ 537,862,104	5.98%
3/31/01	2000	29,215,816	5,106,974	552,732	33,770,058	44.0	570,330,991	5.92%
3/31/02	2001	29,724,208	5,011,066	563,586	34,171,688	44.0	578,513,867	5.91%
3/31/03	2002	30,177,455	4,357,129	566,862	33,967,722	44.0	585,987,222	5.80%
3/31/04	2003	30,751,725	4,649,722	586,434	34,815,013	55.0	600,801,524	5.79%
3/31/05	2004	32,130,479	4,850,437	577,570	36,403,346	55.0	627,652,298	5.80%
3/31/06	2005	42,282,679	4,783,074	564,764	46,500,989	44.0	814,836,264	5.71%
3/31/07	2006	43,396,201	5,254,120	573,840	48,076,481	44.0	840,608,661	5.72%
3/31/08	2007	44,678,414	5,134,590	585,990	49,227,014	44.0	862,011,196	5.71%
3/31/09	2008	42,774,316	4,502,457	639,498	46,637,275	44.0	820,107,784	5.69%

The above data was provided by the Horry County Tax Assessor and the Horry County Auditor.

**UNAUDITED**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years**

Tax Year	Town of Surfside Beach			County			Overlapping Rates			Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Town Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School District Millage	
1999	44.0		44.0	35.3	4.9	40.2	91.0	22.7	113.7	197.9
2000	44.0		44.0	38.7	5.7	44.4	94.4	22.0	116.4	204.8
2001	44.0		44.0	43.9	7.0	50.9	102.9	22.0	124.9	219.8
2002	44.0		44.0	43.9	7.0	50.9	102.9	22.0	124.9	219.8
2003	55.0		55.0	44.7	6.2	50.9	108.4	22.0	130.4	236.3
2004	55.0		55.0	44.7	6.2	50.9	108.4	22.0	130.4	236.3
2005	44.0		44.0	41.0	5.3	46.3	101.7	28.0	129.7	220.0
2006	44.0		44.0	41.0	5.3	46.3	107.3	28.0	135.3	225.6
2007	44.0		44.0	42.0	5.3	47.3	115.3	28.0	143.3	234.6
2008	44.0		44.0	42.0	5.3	47.3	115.3	28.0	143.3	234.6

Note: Each mill represents .1% per \$1,000 of assessed valuation.

Data for overlapping jurisdictions was provided by the Horry County Assessor's Office.

**UNAUDITED**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**PRINCIPAL PROPERTY TAXPAYERS**

**March 31, 2009**

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Columbia II Surfside Commons	\$ 498,000	1	1.07%	\$		
Surfside Pier Hotel, Ltd.	433,082	2	0.93%	443,748	1	1.38%
Springfield Dev Grp, LLC	276,000	3	0.59%			
Lodgian Hotels Fixed IV, LP	215,142	4	0.46%			
Holiday Inn Surfside	203,630	5	0.44%			
Scalise Development, Inc.	180,812	6	0.39%			
Bonnie Jean Hammond-Robinson	175,788	7	0.38%	280,914	3	0.87%
South Ocean Blvd, LLC	167,106	8	0.36%			
Verizon South, Inc.	154,650	9	0.33%			
Scalise Properties, LLC	147,600	10	0.32%			
IMPAC Hotels, Inc.				300,758	2	0.94%
James Calhoun, III				167,992	4	0.52%
BiLo, Inc.				157,818	5	0.49%
Hosp Corp of America				129,900	6	0.40%
AHP Corporation				121,554	7	0.38%
Surfside Shopping Center				118,650	8	0.37%
On Stage Theaters, Inc.				104,300	9	0.32%
Scalise Builders of S.C.				99,198	10	0.31%
	<u>\$ 2,451,810</u>		<u>5.27%</u>	<u>\$ 1,924,832</u>		<u>5.98%</u>

Source: Horry County Treasurer's Office.

**UNAUDITED**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
3/31/00	\$ 1,728,457	\$ 1,452,299	84.02%	\$ 32,609	\$ 1,484,908	85.91%
3/31/01	1,728,979	1,413,811	81.77%	71,857	1,485,668	85.93%
3/31/02	1,711,710	1,407,132	82.21%	77,622	1,484,754	86.74%
3/31/03	1,696,417	1,446,681	85.28%	95,370	1,542,051	90.90%
3/31/04	2,067,642	1,806,967	87.39%	70,332	1,877,299	90.79%
3/31/05	2,135,702	1,885,402	88.28%	87,761	1,973,163	92.39%
3/31/06	2,230,238	1,985,077	89.01%	82,723	2,067,800	92.72%
3/31/07	2,002,191	1,906,087	95.20%	93,644	1,999,731	99.88%
3/31/08	2,087,362	1,977,059	94.72%	98,908	2,075,967	99.45%
3/31/09	2,315,577	2,082,049	89.91%		2,082,049	89.91%

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

(2) Reflects collection of delinquent taxes by year, excluding vehicles.

The above data is based on information provided by the Horry County Treasurer, who collects property taxes as an agent for the Town.

**UNAUDITED**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years**

Fiscal Year Ended	Governmental Activities			Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Note Payable	Total Primary Government		
3/31/00	\$ 4,060,000	\$	\$ 4,060,000	\$ Unavailable	\$ 799
3/31/01	3,825,000		3,825,000	3.54%	864
3/31/02	3,580,000		3,580,000	3.31%	804
3/31/03	3,325,000		3,325,000	3.07%	740
3/31/04	3,165,000		3,165,000	2.93%	684
3/31/05	2,865,000		2,865,000	2.65%	597
3/31/06	2,555,000		2,555,000	2.36%	512
3/31/07	2,235,000	232,789	2,467,789	2.28%	476
3/31/08	1,905,000		1,905,000	1.76%	353
3/31/09	1,560,000		1,560,000	1.44%	278

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

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

UNAUDITED

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
3/31/00	\$ 4,060,000	\$	\$ 4,060,000	0.75%	\$ 799
3/31/01	3,825,000		3,825,000	0.67%	864
3/31/02	3,580,000		3,580,000	0.62%	804
3/31/03	3,325,000		3,325,000	0.59%	740
3/31/04	3,165,000		3,165,000	0.53%	684
3/31/05	2,865,000		2,865,000	0.46%	597
3/31/06	2,555,000		2,555,000	0.31%	512
3/31/07	2,235,000		2,235,000	0.27%	431
3/31/08	1,905,000		1,905,000	0.22%	353
3/31/09	1,560,000		1,560,000	0.19%	278

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

UNAUDITED

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**MARCH 31, 2009**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 122,890,000	2.62%	\$ 3,219,718
Debt repaid with property taxes: School District	451,410,000	2.62%	<u>11,826,942</u>
Subtotal, overlapping debt			15,046,660
Town of Surfside Beach Direct Debt			<u>1,560,000</u>
Total Direct and Overlapping Debt			<u>\$ 16,606,660</u>

Source: Assessed value data used to estimate applicable percentages provided by the Horry County Treasurer's Office. Debt outstanding provided by the Finance Departments of Horry County and the Horry County School District. Data for overlapping jurisdictions reports amounts outstanding at June 30, 2008.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Surfside Beach. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County and School District's taxable assessed value that is within the government's boundaries and dividing it by the County and School District's total taxable assessed value.

UNAUDITED

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt Limit	\$ 3,749,130	\$ 3,956,309	\$ 3,864,266	\$ 3,738,227	\$ 2,930,416	\$ 2,803,349	\$ 2,735,566	\$ 2,751,883	\$ 2,719,673	\$ 2,589,650
Total Net Debt Applicable to Limit	571,938	589,169	605,649	621,630	637,112	652,095	560,330	526,467	562,496	597,055
Legal Debt Margin	\$ 3,177,192	\$ 3,367,140	\$ 3,258,617	\$ 3,116,597	\$ 2,293,304	\$ 2,151,254	\$ 2,175,236	\$ 2,225,416	\$ 2,157,177	\$ 1,992,595
Total net debt applicable to the limit as a percentage of debt limit	15.26%	14.89%	15.67%	16.63%	21.74%	23.26%	20.48%	19.13%	20.68%	23.06%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed value	\$ 46,637,275
Exempt Merchants Inventory (1987 Valuation)	226,850
Total	46,864,125
Debt limit (8% of total assessed value)	3,749,130
Debt applicable to limit:	
General obligation bonds	1,560,000
Bonds issued under referendum	(988,062)
Total net debt applicable to limit	571,938
Legal debt margin	\$ 3,177,192

Note: Under state law, the Town's outstanding general obligation debt shall not exceed eight percent (8%) of total assessed property value unless approved by a majority vote of qualified electors of the political subdivision voting in a referendum authorized by law.

**UNAUDITED**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (1) (amounts expressed) in thousands)</u>	<u>\$</u>	<u>Per Capital Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (1)</u>	<u>Unemployment Rate (2)</u>
3/31/00	5,081	Unavailable	\$	Unavailable	Unavailable	Unavailable	3.60%
3/31/01	4,425	108,169		24,445	44.5	680	3.50%
3/31/02	4,451	108,169		24,302	44.5	680	4.90%
3/31/03	4,496	108,169		24,059	44.5	680	5.10%
3/31/04	4,630	108,169		23,363	44.5	680	5.60%
3/31/05	4,795	108,169		22,559	44.5	680	5.70%
3/31/06	4,986	108,169		21,695	44.5	680	5.50%
3/31/07	5,185	108,169		20,862	44.5	680	5.40%
3/31/08	5,392	108,169		20,061	44.5	680	5.80%
3/31/09	5,608	108,169		19,288	44.5	680	12.80%

(1) U.S. Census Bureau, 2000 Census. Population amounts for 2000 and 2002 - 2009 are calculated using growth rates of the previous years.

(2) U.S. Department of Labor & S.C. Employment Security Commission. Unemployment rates are based on the Metropolitan Statistical Area as a whole. Information is not available individually for the Town.

**UNAUDITED**

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**PRINCIPAL EMPLOYERS  
Current and Nine Years Ago**

Employer	2009			2000		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Crabby Mike's	118	1	Unavailable	Unavailable	1	Unavailable
Piggly Wiggly	78	2	Unavailable	Unavailable	2	Unavailable
Surfside Realty Co, Inc.	75	3	Unavailable	Unavailable	3	Unavailable
Town of Surfside Beach	73	4	Unavailable	Unavailable	4	Unavailable
BiLo	71	5	Unavailable	Unavailable	5	Unavailable
Onstage Entertainment	70	6	Unavailable	Unavailable	6	Unavailable
Lodgian Hotels	65	7	Unavailable	Unavailable	7	Unavailable
Days Inn Surfside Beach	54	8	Unavailable	Unavailable	8	Unavailable
Lanes's Pest Elimination	47	9	Unavailable	Unavailable	9	Unavailable
Original Benjamin's Calabash	31	10	Unavailable	Unavailable	10	Unavailable
	<u>682</u>		<u>Unavailable</u>	<u>Unavailable</u>		<u>Unavailable</u>

Source: Finance department and each employer.

UNAUDITED

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**

**FULL TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION**  
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of March 31									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government	13	11	12	11	11	12	10	10	11	10
Public Safety										
Police										
Officers	21	20	20	20	20	15	15	14	14	13
Communications/Office	6	7	7	7	5	6	6	6	5	5
Fire										
Firefighters and Officers	5	5	5	5	5	5	6	6	6	5
Building and Zoning	3	4	4	5	5	4	3	3	3	3
Public Works										
Streets	7	11	11	10	10	10	10	11	10	10
Vehicle Maintenance	1	2	2	2	2	2	2	2	3	3
Culture and Recreation	9	5	5	6	6	6	6	6	6	6
Sanitation	8	12	12	12	12	11	11	11	9	8
<b>Total</b>	<b>73</b>	<b>77</b>	<b>78</b>	<b>78</b>	<b>76</b>	<b>71</b>	<b>69</b>	<b>69</b>	<b>67</b>	<b>63</b>

Source: Town budget.

**UNAUDITED**

TOWN OF SURFSIDE BEACH, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION  
Last Ten Fiscal Years

Function	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Police										
Physical arrests	506	528	310	750	517	527	588	685	869	649
Parking violations	2,872	2,730	2,168	2,673	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Traffic violations	3,946	3,676	1,794	3,435	2,352	1,910	1,780	2,498	3,077	2,698
Fire										
Number of calls answered	756	729	514	663	609	656	638	586	533	413
Building and Zoning										
New construction permits	22	47	84	115	87	130	71	59	73	79
Culture and Recreation										
Events held	16	19	20	19	13	12	11	13	11	Unavailable
Sanitation										
Refuse collected (tons)	6,977	7,618	7,715	7,435	7,350	7,109	6,681	6,459	Unavailable	Unavailable
Recyclables collected	383	312	300	308	312	307	300	268	Unavailable	Unavailable
Pier										
Admissions	8,699									
Fishing	2,197									

Source: Various government departments.

Note: Statistical information on the Pier is for a partial year of October 2008 through March 2009.

UNAUDITED

TOWN OF SURFSIDE BEACH, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION  
Last Ten Fiscal Years

Function	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	19	19	14	14	14	14	14	14
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways and Streets										
Streets (miles)	39	39	39	36	34	34	34	33	33	33
Streetlights	518	518	518	518	492	492	492	452	452	414
Traffic signals	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Parks acreage	30	30	30	30	30	30	30	30	30	30
Parks	5	5	5	5	5	5	5	5	4	4
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	2	2	2	2	2	2	2	2
Sanitation										
Collection trucks	7	7	9	8	8	7	7	6	6	6
Pier										
Fishing Pier	1									

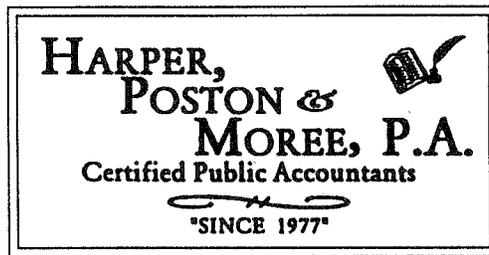
Source: Various government departments.

Notes: (1) No capital asset indicators are available for the general government function.

(2) Statistical information on the Pier is for a partial year of October 2008 through March 2009.

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**INDEPENDENT AUDITORS' OTHER  
REPORT SECTION**



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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 Honorable Mayor and  
Members of Town Council  
Town of Surfside Beach, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside Beach, South Carolina as of and for the year ended March 31, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 14, 2009. 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 Town'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 Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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

prevented or detected by the Town's internal control. We consider the deficiency 09-B1, described in the accompanying schedule of findings and responses, to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, Town 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.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Pawleys Island, South Carolina  
August 14, 2009

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended March 31, 2009**

**A. Summary of Audit Results**

1. The auditor's report expresses unqualified opinions on the basic financial statements.
2. One significant deficiency was disclosed during the audit of the basic financial statements. This deficiency is not reported as a material weakness.
3. No instances of noncompliance were disclosed during the audit of the basic financial statements.
4. The Town did not fall under the requirements of OMB Circular A-133; therefore, no control deficiencies were disclosed for major federal award programs.
5. The Town did not fall under the requirements of OMB Circular A-133; therefore, no auditor's report on compliance for major federal award programs was issued.
6. The Town did not fall under the requirements of OMB Circular A-133; therefore, no audit findings relative to major federal award programs are disclosed in the following schedule.
7. No federal award programs were tested as major programs.
8. The Town did not fall under the requirements of OMB Circular A-133; therefore, there was no threshold for distinguishing between Types A and B programs.
9. Risk relative to major federal award programs was not required to be assessed.

**B. Findings - Financial Statement Audit**

***09-B1 Financial Statement Preparation***

Control Deficiency: The Town's accounting staff does not prepare its financial statements and related note disclosures.

Criteria: Controls over the preparation of financial statements are necessary in preventing and detecting misstatements that could occur in the financial statements.

Cause: Town personnel do not possess the technical skills necessary to prepare the financial statements and related note disclosures.

Effect: Errors or misstatements could occur and not be detected by management.

Recommendation: Management should take steps toward gaining the experience needed to prepare financial statements presented in accordance with generally accepted accounting principles.

**TOWN OF SURFSIDE BEACH, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended March 31, 2009**

**B. Findings - Financial Statement Audit (continued)**

***09-B1 Financial Statement Preparation (continued)***

Management's Response: Although we did not prepare the financial statements, we reviewed and approved them prior to issuance to ensure every possible step was taken to detect misstatements. The Town's position on controls maintains that: the cost of internal control should not exceed anticipated benefits; the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatement. However, the Town's management agrees that gaining the experience needed to prepare financial statements presented in accordance with GAAP is reasonable and can be achieved through training and certifying finance staff. The Town's Treasurer has completed the Government Finance Officers Certification Program and has successfully passed all five exams. She is currently waiting for approval of her certification application. Upon approval, additional specialized training should prepare Town's management staff for the preparation of its financial statements in the future.

**C. Findings - Federal Award Program Audit**

Not applicable.

