

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 7. CAPITAL PROJECTS: (CONTINUED)

Maturity dates range from 2008 through 2011 with interest rates ranging from 6.50 to 6.90 percent annually. All revenues derived by the Commission from federal funds under agreement with appropriate federal authorities or other available funds are irrevocably pledged for the payment of principal and interest.

During the year, the Commission paid \$400,474 and \$275,192 in principal and interest, respectively, on Capital Improvement Bond Notes Payable including \$145,216 additional principal upon sale of Myrtle Beach building.

The Commission has drawn \$246,045 on CIB funds for which a note payable has not been established. Subsequent to year-end, \$183,000 was repaid and a note was executed for \$40,000 at an interest rate of 5.3% per annum maturing in 2006. A note was not executed for the remaining \$13,045.

The Commission has capital projects in progress at June 30, 1998 which are expected to be completed over the next two years at an estimated total cost of approximately \$2,545,000. At June 30, 1998 \$413,484 was expended for the capital projects in progress which included \$148,375 of land costs that has been capitalized. The estimated cost to complete the capital projects in progress is approximately \$2,131,500. The Commission had outstanding commitments of approximately \$218,500 attributable to the capital projects in progress at June 30, 1998.

NOTE 8. OPERATING LEASES:

The Commission has entered into operating leases for office space and office equipment. All of the leases are non-cancelable leases with no purchase options and their terms are greater than one year. Payments are due on a monthly basis. Ending payment dates range from fiscal years from 1999 through 2003. Certain operating leases provide for renewal options for periods from one to five years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases. The Commission is responsible for maintenance on most leased property.

Rental expenditures for office space and equipment was approximately \$336,000 and \$354,000, respectively, for the year ended June 30, 1998. The following is a schedule by years of future minimum rental payments at June 30, 1998 required under the noncancellable operating lease agreements with remaining terms at June 30, 1998 in excess of one year.

<u>Year</u>	<u>Amount</u>
1999	\$188,064
2000	132,221
2001	57,625
2002	17,597
2003	<u>1,467</u>
Total	<u>\$396,974</u>