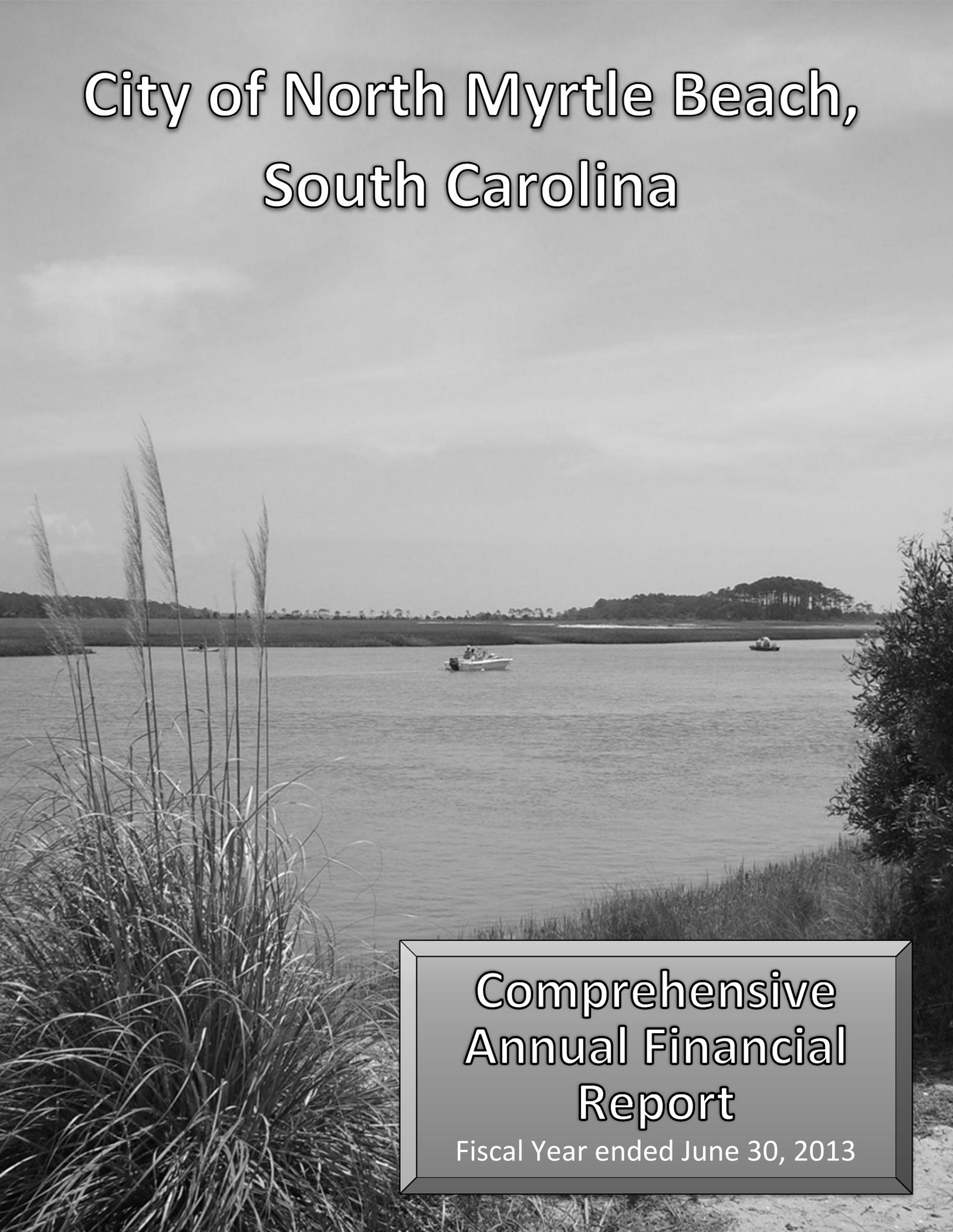


# City of North Myrtle Beach, South Carolina



## Comprehensive Annual Financial Report

Fiscal Year ended June 30, 2013

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2013

Issued by: Department of Finance  
Randy J. Wright, Director

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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YEAR ENDED JUNE 30, 2013

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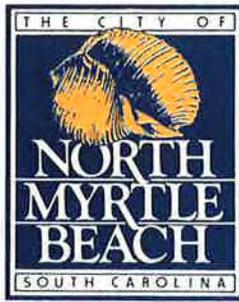
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## INTRODUCTORY SECTION

CITY OF NORTH MYRTLE BEACH



December 20, 2013

To the Honorable Mayor, Members of City Council, and Citizens of North Myrtle Beach:

We are pleased to present the Comprehensive Annual Financial Report of the City of North Myrtle Beach, South Carolina for the Fiscal Year Ended June 30, 2013. This report has been prepared in conformity with generally accepted accounting principle (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accounting firm.

Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of North Myrtle Beach. We believe the enclosed is accurate in all material aspects, and that it is presented in a manner designed to fairly set forth the financial position and results of operation of the various funds of the government in accordance with accounting principles generally accepted in the United States of America GAAP; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included. To provide a reasonable basis for making these representations, management of the City of North Myrtle Beach has established a comprehensive internal control framework. This framework is designed to protect the government's assets as well as provide sufficient reliable information for preparation of its financial statements. Because the costs of internal controls should not outweigh their benefits, the City of North Myrtle Beach's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

In accordance with Section 5-13-30 of the South Carolina Code of Laws, an annual audit was performed by Robert E. Milhous, C.P.A.; P.A., a firm of licensed certified public accounts. The goal of the independent audit was to provide reasonable assurance that the Financial Statements are free of material misstatement. The auditor's report in the Financial Section provides a discussion of the audit and its procedures. The independent auditor has rendered an unqualified opinion that the City of North Myrtle Beach's financial statements for the fiscal year ended June 30, 2013, are fairly presented in accordance with GAAP.

Additional information as well as on overview and analysis of the City's financial position and statements can be found in the Management's Discussion and Analysis section of this report. This analysis is located after the Auditor's Opinion.

## **PROFILE OF THE GOVERNMENT**

The City of North Myrtle Beach is located on the Atlantic Ocean and encompasses the northeastern section of the South Carolina coastal beach area known as the Grand Strand. North Myrtle Beach operates in and is governed by the laws of the State of South Carolina and also by its own charter, which was first adopted by the electorate

on May 7, 1968. The charter provides for a Council-Manager form of government. Legislative authority is vested in the Mayor and six Council members; provided, one council member shall be a resident of the Crescent Beach Ward, one a resident of the Cherry Grove Ward, one a resident of the Ocean Drive Ward, and one a resident of the Windy Hill Ward. The terms of office are for four years each. The present term for council members from the Cherry Grove and Crescent Beach Wards will expire during November 2015. The present term of the Mayor and the councilmembers from the Ocean Drive and Windy Hill Wards will expire during November 2013. The two at-large councilmembers were added November 2001 – they both have a four-year term and one will expire during November 2013 while the other will be November 2015. The Mayor and Council enact ordinances and resolutions relating to City services, levy of taxes, appropriation and borrowing, licensing and regulating of businesses and trades, and other municipal purposes.

The City of North Myrtle Beach provides a full range of services, including police and fire protection; the construction and maintenance of streets, drainage, and other infrastructure; and recreational activities, and cultural events. Water, sewer, and solid waste are provided by the government through enterprise funds.

The annual budget serves as the foundation for the City of North Myrtle Beach's financial planning and control. All departments of the City are required to submit requests for appropriation to the Finance Department on or before the first week of January each year. The Finance Department uses these requests as the starting point for developing a proposed budget. The government's manager then reviews this proposed budget and makes adjustments to be presented to Council at the annual budget retreat held the beginning of March. The Council then makes any suggestion or changes in programs and policy and instructs staff to provide a budget document by the end of April, sixty days prior to the beginning of the fiscal year. Council then holds a public hearing and as soon thereafter as possible, adopts a budget and passes a tax levy ordinance and such other ordinances as may be required to make the budget effective. The appropriated budget is adopted by total expenditures. Detail is provided for accounting and budgetary control. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 53 through 55 as part of the basic financial statements for the governmental funds.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Economic Condition and Outlook**

The City of North Myrtle Beach is located on the Atlantic Ocean and encompasses the northeastern section of the South Carolina coastal beach area known as the Grand Strand. The near term current economic outlook continues to be consistent growth from the 2012 level. Indicators such as water usage, hospitality fees, and accommodations tax receipts are growing about 3% above the previous fiscal year. Other factors such as property taxes continue to show an ever-increasing tax base as of this writing.

The construction industry appears to have leveled off at a moderate pace. A total of \$70,581,036 of permitted construction for residential has occurred over the first five months of FY 2013. This represents an increase of 120% over the previous fiscal year. Major development continues to occur throughout the City, with continued development of Barefoot Landing Resort which encompasses 5 square miles on the west side of the Intracoastal Waterway, and the redevelopment of the Gator Hole Golf Course and ocean front property. Citywide construction has slowed significantly, but single family residential construction is still occurring at a reasonable pace.

The long-term economic outlook for the City of North Myrtle Beach is positive. The community continues to be a highly visited vacation spot which offers popular attractions such as golf, the beach, entertainment, and shopping. Also, the recent addition of major roads such as Route 22 and 31 in the area has opened up new areas for development as well as provided alternative routes in order to alleviate some traffic congestion.

The City recently annexed another large tract of land along Route 31 and east to the Intracoastal Waterway. Even though no development is currently underway within this annexation, the City has borrowed \$15,000,000 during the previous fiscal year to develop a sports tourism park off the Main Street connector. The park will provide

many opportunities for various sports tourism events such as Spring training for NCAA teams as well as the national quidditch tournament. As of this writing the City has been able to fully book the new park for 2014 which will open on March 1, 2014. Commercial development is currently being planned next to the new park.

General Fund Revenues are projected to grow at a faster pace through 2015. No additional bond issues are projected for FY 2014. The City continues to improve its' beach quality with the beginning of the Main Street Ocean Outfall in the Main Street area. This is the 5<sup>th</sup> major ocean outfall installed by the City over the last 10 years. Approximately seven smaller ocean outfall projects remain to totally remove storm water drains off the beach.

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

The annexation of the 1,350 acre and the 1600 acre tracts of undeveloped land will greatly enhance the City's revenue picture over the long run. Few annexations are along a future interstate like these two tracts of land with an already existing interchange. These annexations will provide the City with two new commercial districts that has the potential to bring in major retail businesses along with the many ancillary businesses that accompany them, as well as the City's largest park.

Even though the overall economy has taken a significant hit since 2009, the City has been able to maintain a 35% Fund Balance. This was done by reducing expenditures in proportion to revenues. Management is encouraged with the growth we have been experiencing over the last year and look forward to next year with the new park coming onboard. Current projections are favorable and another surplus is expected for the FY 2014.

### **GFOA CERTIFICATE OF ACHIEVEMENT**

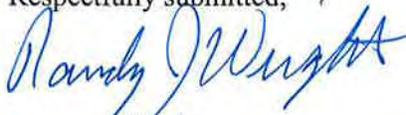
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Myrtle Beach, South Carolina for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2012. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for Fiscal Year 2013.

### **ACKNOWLEDGEMENTS**

The preparation of this report could not be accomplished without the dedicated endeavors of the Accounting Division. We would like to express our appreciation to all staff members, especially Assistant Finance Director, Diane Shell; Accounting Supervisor, Jamie Baker; and Enterprise Accountant, Lauren Richardson who have assisted and contributed to its preparation. Further appreciation is extended to the Mayor and City Council and City Manager for their encouragement, assistance, and approval. It is a real pleasure to work for a group of people who encourage and support the sound financial operation and reporting of the City.

Respectfully submitted,



Randy J. Wright, CPA, CPFO, CGFM  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of North Myrtle Beach  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

City of North Myrtle Beach, South Carolina

PRINCIPAL OFFICIALS

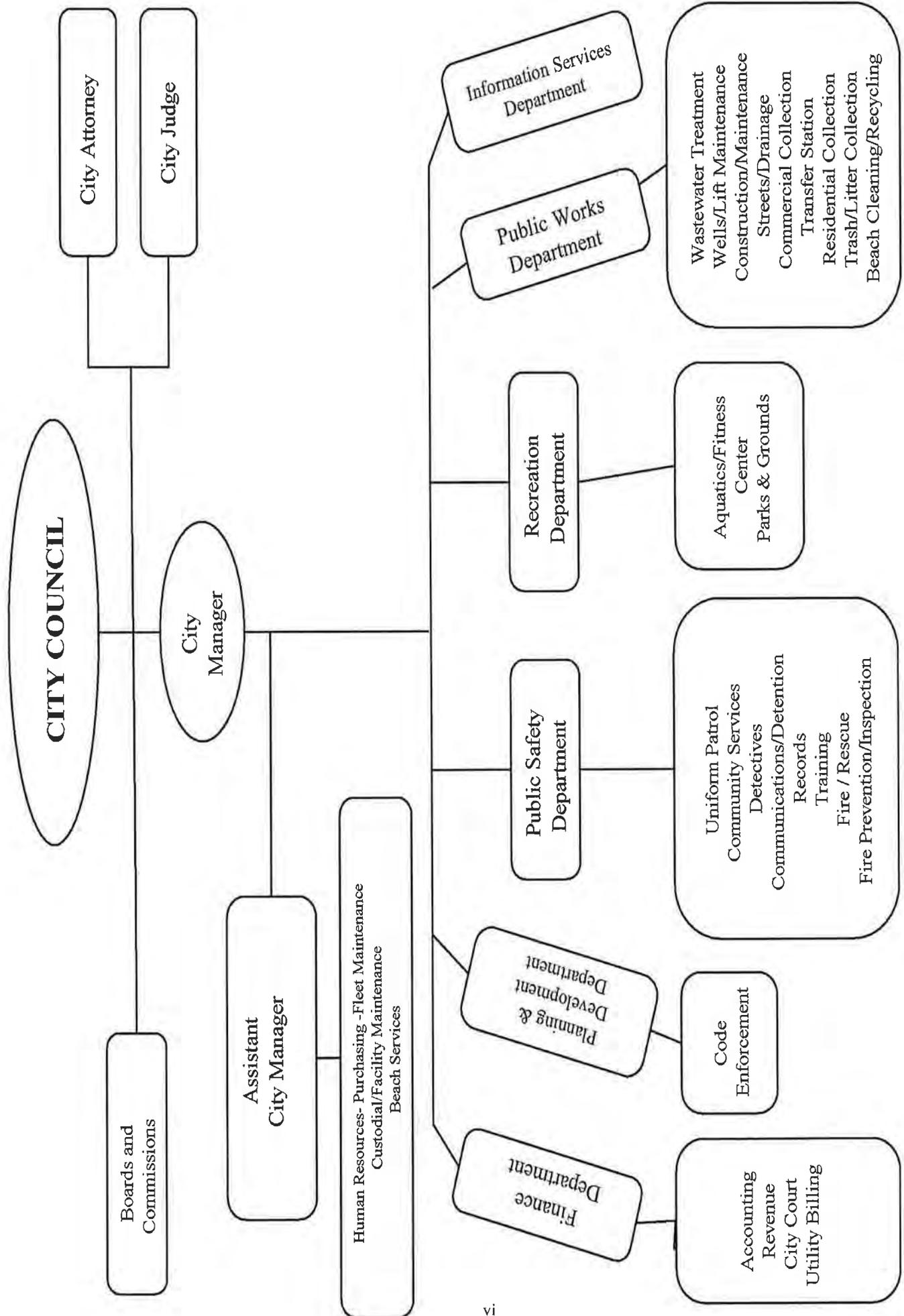
June 30, 2013

Elected

Mayor .....Marilyn B. Hatley  
Councilmember, Cherry Grove Ward ..... Fred Coyne  
Councilmember, Crescent Beach Ward ..... Jay Baldwin  
Councilmember, Ocean Drive Ward ..... Terry White  
Councilmember, Windy Hill Ward ..... Greg Duckworth  
Councilmember, At-Large ..... Bob Cavanaugh  
Councilmember, At-Large..... Hank Thomas

Appointed

City Manager .....Michael G. Mahaney  
Assistant City Manager .....Steven E. Thomas  
Finance Director .....Randy J. Wright  
Information Services Director .....Patrick Wall Jr.  
Parks and Recreation Director .....John W. Bullard  
Planning and Development Director .....James W. Wood  
City Engineer/Public Works Director .....Kevin D. Blayton  
Public Safety Director ..... Jay A. Fernandez



## FINANCIAL SECTION

CITY OF NORTH MYRTLE BEACH

REPORT OF INDEPENDENT AUDITOR

CITY OF NORTH MYRTLE BEACH

# ROBERT E. MILHOUS, C.P.A., P.A. & ASSOCIATES

*A Professional Association Of*  
**CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**

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*Columbia*  
Phone: (803) 772-5300

*Myrtle Beach/Conway*  
Phone: (843) 488-5301

## **REPORT OF INDEPENDENT AUDITOR**

The Honorable Mayor and Members of City Council  
City of North Myrtle Beach, South Carolina

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of North Myrtle Beach, South Carolina (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

— CONTINUED —



## Opinions

In my opinion, the basic 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 City of North Myrtle Beach, South Carolina, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information, which consisted principally of inquires of management about comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, of the combining and individual fund financial statements and other financial schedules as listed in the table of contents as Other Financial Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of North Myrtle Beach, South Carolina.

The combining and individual fund financial statements and other financial schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual fund financial statements and other financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year summarized comparative information presented in the 2013 individual fund financial statements and schedules has been derived from the City's 2012 audited financial statements, and in my report dated December 10, 2012, expressed an unqualified opinion on those individual fund financial statements.

The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or any other form of assurance on this information.

  
December 17, 2013  
Columbia, South Carolina

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2013**

This section of the City of North Myrtle Beach, South Carolina’s (the “City”) annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the City’s financial statements, which follow this section.

**Financial Highlights**

Per the Government-Wide Statement of Net Position, the City’s total assets at year end June 30, 2013 were \$228.9 million and exceeded total liabilities by \$184.3 million. Of the total net position at June 30, 2013, \$25.2 million were unrestricted and available to support short term operations of the City.

Per the Government-Wide Statement of Activities, the City’s total net position increased by \$4.8 million for the year ended June 30, 2013. The Governmental Activities contributed \$4,829,626 and the Business-type Activities contributed \$1,818 for the year.

**Overview of the Financial Statements**

Management’s Discussion and Analysis (MD&A) serves as an introduction to the City’s basic financial statements. Those financial statements comprise three components: 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves. Typically, the MD&A contains comparative data to help the reader identify trends in financial activity of the government. The Letter of Transmittal and the Statistical Section of the Comprehensive Annual Financial Report (CAFR), of which this discussion is a component thereof, contains much of the data and analysis usually included in a MD&A and therefore it is not duplicated herein.

**Government-Wide Financial Statements** – The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis (as soon as the underlying event giving rise to the change occurs), *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues receivable and earned but unused vacation leave).

### **Government-Wide Financial Statements (Continued)**

Both of the Government-Wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the City include general government, finance, public safety, public works, parks and recreation, planning and economic development, and support services. The Business-type Activities of the City include enterprise operations for water and sewer utility, solid waste, aquatic center, and beach service. Internal service fund of the City's health insurance reserves and claims expense is accounted for prorata in both Governmental Activities and Business-type Activities.

The Government-Wide financial statements can be found immediately following the "Report of the Independent Auditor".

**Fund Financial Statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

**Governmental Funds** – *Governmental Funds* are used to account for essentially the same functions reported as *Governmental Activities* in the government-wide financial statements. However, unlike the government-wide financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget, and can be found in the section entitled "Required Supplementary Information".

The basic Governmental Fund financial statements can be found immediately following the "Government-Wide" financial statements.

**Proprietary Funds** – Proprietary Funds provide the same type of information as the Government-Wide financial statements, only in more detail. The basic Proprietary Fund financial statements can be found immediately following the "Governmental Fund" financial statements.

*Enterprise Funds* are used to report the same functions presented as *Business-type Activities* in the Government-Wide financial statements. The City uses enterprise funds to account for its Water and Sewer Utility, its Solid Waste, its Aquatic Center, and its Beach Service enterprises.

*Internal Service Funds* are used to account for activity of providing goods and services to other funds and departments of the City on a cost-reimbursement basis. The City uses its Internal Service Fund to account for resources and expenses related to the City's risk financing activities of employee and retiree/non-employee health costs.

**Notes to Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements.

**Other Financial Information** – In addition to the basic financial statements, the accompanying notes and the required supplementary information, this report also presents certain financial data of individual fund statements and schedules.

## Government-Wide Financial Analysis

Below is a 'condensed' Statement of Net Position at June 30, 2013 (with comparative amounts of June 30, 2012) which depicts the major components of the City's total (Governmental and Business-type) assets, liabilities and net position (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Cash and cash equivalents:						
Unrestricted	\$ 18,651	\$ 16,857	\$ 13,547	\$ 12,420	\$ 32,198	\$ 29,277
Restricted	6,014	12,570	3,704	4,721	9,718	17,291
Other current assets	7,451	7,082	482	515	7,933	7,597
Capital assets, net of accumulated depreciation	86,967	76,506	79,895	80,541	166,862	157,047
Deferred charges, net of accumulated amortization		—	12,163	13,046	12,163	13,046
<b>Total assets</b>	<b>\$ 119,083</b>	<b>\$ 113,015</b>	<b>\$ 109,791</b>	<b>\$ 111,243</b>	<b>\$ 228,874</b>	<b>\$ 224,258</b>
<b>Liabilities:</b>						
Current liabilities	\$ 7,964	\$ 4,727	\$ 5,277	\$ 5,421	\$ 13,241	\$ 10,148
Long term liabilities	18,443	20,441	12,891	14,201	31,334	34,642
<b>Total liabilities</b>	<b>26,407</b>	<b>25,168</b>	<b>18,168</b>	<b>19,622</b>	<b>44,575</b>	<b>44,790</b>
<b>Net Position:</b>						
Net investment in capital assets	76,284	69,595	74,441	74,694	150,725	144,289
Restricted	6,564	4,571	1,786	3,058	8,350	7,629
Unrestricted	9,828	13,681	15,396	13,869	25,224	27,550
<b>Total net position</b>	<b>\$ 92,676</b>	<b>\$ 87,847</b>	<b>\$ 91,623</b>	<b>\$ 91,621</b>	<b>\$ 184,299</b>	<b>\$ 179,468</b>

*Governmental Activities* – For 2013, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$32.1 million, or 27% of the total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$86.9 million 73% of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$7.9 million 30% of the respective total. Long-term (non-current) liabilities totaled \$18.4 million, or 70% of the respective total.

*Business-type Activities* – For 2013, current assets (consisting of cash, cash equivalents, receivables, amounts due from other governments, inventories and prepaid items, and restricted assets) totaled \$17.7 million, or 16% of the respective total. Non-current assets (consisting of capital assets and deferred charges, net of accumulated depreciation and amortization, respectively) totaled \$92.0 million, or 84 % of the respective total. Current liabilities (consisting of payables and current portion of long-term debt) totaled \$5.3 million, or 29% of the respective total. Long-term (non-current) liabilities totaled \$12.9 million, or 71% of the respective total.

As noted earlier, net position (formally known as net assets) may serve over time as a useful indicator of a government's financial position. In the case of the City, 2013 total assets exceeded total liabilities by \$184.3 million at the end of June 30, 2013 (or \$92.6 million for Governmental Activities and \$91.6 million for Business-type activities.)

By far the largest portion (\$150.7 million, or 82%) of the City's 2013 total net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Government-Wide Financial Analysis (Continued)

The City's 2013 restricted net position (totaling \$8.3 million or 4.5% of total net position) consist of \$6.5 million in Governmental Activities and \$1.8 million in Business-type Activities, and represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$9.8 million Governmental Activities and \$15.4 million Business-type Activities, for a total of \$25.2 million, or 13.7% of total net position) may be used to meet the government's ongoing obligations to citizens and creditors. The City's components of changes in net position for FY 2013 and FY 2012 are illustrated in the following table (*with amounts shown in thousands*):

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenue:</b>						
Program Revenue:						
Charges for services	\$ 3,310	\$ 3,280	\$ 19,247	\$ 19,399	\$ 22,557	\$ 22,679
Operating grants and contributions	284	1,134	—	—	284	1,134
Capital grants and contributions	623	2,456	1,442	1,151	2,065	3,607
General revenue:						
Property taxes	14,363	13,953	—	—	14,363	13,953
State shared and other taxes	15,789	14,594	—	—	15,789	14,594
Investment earnings	24	38	59	87	83	125
Other	55	(261)	216	302	271	41
<b>Total revenue</b>	<b>34,448</b>	<b>35,194</b>	<b>20,964</b>	<b>20,939</b>	<b>55,412</b>	<b>56,133</b>
<b>Expenses:</b>						
General government	2,514	2,207	—	—	2,514	2,207
Finance	844	794	—	—	844	794
Information services	627	631	—	—	627	631
Public safety	12,431	12,462	—	—	12,431	12,462
Planning and development	1,629	1,528	—	—	1,629	1,528
Public works	4,793	4,872	—	—	4,793	4,872
Parks and recreation	4,217	4,575	—	—	4,217	4,575
Support services	1,041	2,143	—	—	1,041	2,143
Interest on general long-term debt	342	495	—	—	342	495
Water and Sewer Utility	—	—	14,038	13,449	14,038	13,449
Solid Waste	—	—	3,870	3,734	3,870	3,734
Aquatic Center	—	—	2,190	2,185	2,190	2,185
Beach Service	—	—	2,045	1,960	2,045	1,960
<b>Total expenses</b>	<b>28,438</b>	<b>29,707</b>	<b>22,143</b>	<b>21,328</b>	<b>50,581</b>	<b>51,035</b>
Changes in net position before transfers	6,010	5,487	(1,179)	(389)	4,831	5,098
Transfers	(1,181)	(1,164)	1,181	1,164	—	—
<b>Change in net position</b>	<b>4,829</b>	<b>4,323</b>	<b>2</b>	<b>775</b>	<b>4,831</b>	<b>5,098</b>
Net position – beginning of year	87,847	83,524	91,621	90,846	179,468	174,370
Net position – end of year	<u>\$ 92,676</u>	<u>\$ 87,847</u>	<u>\$ 91,623</u>	<u>\$ 91,621</u>	<u>\$ 184,299</u>	<u>\$ 179,468</u>

Of total net position at June 30, 2013, \$92.6 million (and \$87.8 million at June 30, 2012) represents net position of the City's Governmental Activities, and \$91.6 million (and \$91.6 million in 2012) represents total net position of the City's Business-type Activities. At the end of fiscal years 2013 and 2012, the City is able to report 'positive' changes in net position even with the continued implementation of GASB Statement #45, *Other Post-Employment Benefits Other Than Pensions* (OPEB). Total OPEB liability and related expenses equaled \$4.7 million at June 30, 2013 (represented by \$3.7 million in Governmental Activities and \$1.0 million in Business-type Activities). Additional information on the City's OPEB can be found in *Note 13* of this report. The increase in net position for Governmental Activities was a result of modest increases in general revenues (property taxes and accommodation/hospitality taxes) and street improvement grants. Increase in Business-type Activities net position resulted primarily in increases in transferred amounts from Accommodation (2%) Tax Special Revenue Fund and Local Accommodations (1.5%) Tax Special Revenue Fund to various Enterprise Funds.

## Government-Wide Financial Analysis (Continued)

### Expenses and Program Revenues – Governmental Activities

Governmental expenses are funded by fees for services, grants and contributions and general revenues. The Statement of Activities details this activity for the City. The following table summarizes that data.

*(amounts shown in thousands)*

	Expenses	Total Program Revenue	Net Expenses	% Funded by Program Revenue	% Required to Funded by General Revenue
General govt. admin.	\$ (2,514)	\$ 474	\$ (2,040)	18.9%	81.1%
Finance	(844)	—	(844)	—	100%
Information services	(627)	—	(627)	—	100%
Public safety	(12,431)	600	(11,831)	4.8%	95.2%
Planning and development	(1,629)	413	(1,216)	25.4%	74.6%
Public works	(4,793)	2,443	(2,350)	51.0%	49.0%
Parks and recreation	(4,217)	287	(3,930)	6.8%	93.2%
Support services	(1,041)	—	(1,041)	—	100%
Debt service interest	(342)	—	(342)	—	100%
Totals	<u>\$ (28,438)</u>	<u>\$ 4,217</u>	<u>\$ (24,221)</u>	<u>14.8%</u>	<u>85.2%</u>

The City continues to allocate its depreciation of capital assets to the City's functions, (see *Note 6*). In 2013, General Revenues (85.2%) were required to fund Governmental Activity expenses (as compared to 76.6% in 2012) and were as follows:

### General Revenues by Source – Governmental Activities (shown in thousands)

Property taxes	\$ 14,362,908
Accommodations/hospitality taxes	7,757,661
State shared taxes – unrestricted	943,614
Licenses and franchise taxes	7,087,839
Investment earnings	23,601
Other revenues	<u>55,253</u>
Total general revenue before transfers	<u>\$ 30,230,876</u>

## Fund Financial Analysis

### General Fund Budgetary Highlights

The General Fund final budgeted revenues were \$21.2 million, and achieved actual revenues of \$21.8 million or within budget. Final expenditures budgeted for the General Fund were \$23.4 million with actual expenditures of \$23.6 million, before other financing sources and uses. The City budgeted a deficiency of estimated revenues over its appropriated expenditures before other financing sources and uses totaling \$2.2 million, with the actual deficiency equaling \$1.7 million. However, after considering Other Financing Sources and Uses, the General Fund had an actual increase of \$675,104 in fund balance.

For 2013, the City's General Fund fund balance increased and was a direct result of the City managing expenditures throughout the year due to the economic downturn. Capital purchases were put on hold and open personnel positions were allowed to stay vacant substantially longer in order to align expenditures with the revenue. These efforts proved successful and the General Fund was able to have an increase in its fund balance.

## **Fund Financial Analysis (Continued)**

The General Fund's budget also included net transfers to/from other funds, netting to \$2.3 million more transferred in than out, primarily due to increases in both Accommodations and Hospitality taxes.

### **Expenses and Program Revenues – Business-type Activities**

The City operates four enterprises that comprise its Business-type Activities – Water and Sewer Utility, Solid Waste, Aquatic Center and Beach Service. The Water and Sewer Utility has been in operation for a number of years, and suffered an operating loss of \$1,817,262 for the year ended June 30, 2013. Due to the economic decline in construction and related developer fees and other capital contributions, the Utility Fund realized an overall decrease in net position of \$564,434.

The City's Solid Waste Enterprise Fund has been operating for a number of years and achieved a net operating income of \$193,235 for the year ended June 30, 2013. After transfers from the Accommodations (2%) Tax Fund of \$134,431, the change in net position increased by \$335,944.

The City's Aquatic Center Enterprise Fund, in its eighth year of operations, incurred a net operating loss of \$97,096. After recognizing \$212,682 in net non-operating expenses, plus a \$509,779 transfer from the Local Accommodations (1.5%) Tax Fund, the change in net position of the Aquatic Center totaled a positive \$200,001.

The City's Beach Service Enterprise Fund, in its sixth year of operations, incurred a net operating loss of \$489,219. After recognizing \$537,032 in transfers from the Accommodations (2%) Tax Fund and the Local Accommodations (1.5%) Tax Fund, the change in net position of Beach Service totaled \$59,671, the second positive gain since its inception.

## **Capital Asset and Debt Administration**

**Capital Assets** – The City's investment in capital assets for its Governmental and Business-type Activities as of June 30, 2013, amounts to \$166.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and roads.

Capital asset purchases within the General Fund departments continued to be made on a pay-as-you-go basis. This has been the City's policy for 20 years. The City resumed purchases of budgeted capital assets since revenues came in at budget. Overall capital is in very good condition and any deferrals from prior years have had no negative affect on city services. Additional information on the City's capital assets can be found in *Note 6* of this report.

**Long-Term Debt** –At the end of the current fiscal year, the City had total bonded debt outstanding of \$23.6 million. Of this amount, \$15.8 million comprises debt backed by the full faith and credit of the City government. Enterprise Fund revenue-backed long-term debt consists of contract and note payables totaled \$7.8 million. Additional information on the City's long-term debt can be found in *Note 7* of this report.

During FY 2012, the City issued \$15 million in G.O. Bonds for Park Development Capital Project Fund, a major fund of the City. The new park and sports complex will encompass 160 acres and include numerous sports-related fields and park activities. City tax millage was increased 6 mils in order to provide funding for this debt.

## **Request for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of North Myrtle Beach, South Carolina 29582.

AUDITED BASIC FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 3,066,100	\$ 9,312,016	\$ 12,378,116
Equity in pooled cash and cash equivalents	15,584,077	4,235,021	19,819,098
Receivables, net	2,855,466	2,392,169	5,247,635
Due from other governments	1,139,797	267,957	1,407,754
Internal balances, net	2,897,217	(2,897,217)	—
Inventories and prepaids	250,073	436,357	686,430
Restricted assets:			
Cash and cash equivalents	6,013,934	3,581,461	9,595,395
Equity in pooled cash and cash equivalents	—	123,031	123,031
Deposits held by others	308,949	281,925	590,874
Total current assets	<u>32,115,613</u>	<u>17,732,720</u>	<u>49,848,333</u>
Non-currents assets:			
Capital assets not subject to depreciation	28,418,843	2,344,734	30,763,577
Capital assets, net of depreciation	58,548,335	77,550,614	136,098,949
Deferred charges, net	—	12,162,972	12,162,972
Total non-current assets	<u>86,967,178</u>	<u>92,058,320</u>	<u>179,025,498</u>
Total Assets	<u>\$ 119,082,791</u>	<u>\$ 109,791,040</u>	<u>\$ 228,873,831</u>
<b>Liabilities and Net Position</b>			
Current liabilities:			
Accounts payable	\$ 1,226,276	\$ 941,897	\$ 2,168,173
Accrued payroll and related taxes	540,899	326,076	866,975
Accrued interest payable	216,443	133,128	349,571
Due to other governments	18,125	—	18,125
Bonds, contracts and notes payable – current portion	2,284,761	1,356,778	3,641,539
Unearned revenue	—	260,532	260,532
Insurance reserves and claims payable	185,446	58,562	244,008
Liabilities payable from restricted assets	3,491,560	2,200,127	5,691,687
Total current liabilities	<u>7,963,510</u>	<u>5,277,100</u>	<u>13,240,610</u>
Long-term (non-current) liabilities:			
Accrued compensated absences	1,199,146	415,354	1,614,500
General obligation bonds payable	13,531,071	—	13,531,071
Contracts payable	—	6,398,333	6,398,333
Note payable	—	5,048,001	5,048,001
Other post-employment benefits (OPEB)	3,712,804	1,029,029	4,741,833
Total long-term liabilities	<u>18,443,021</u>	<u>12,890,717</u>	<u>31,333,738</u>
Total liabilities	<u>26,406,531</u>	<u>18,167,817</u>	<u>44,574,348</u>
Net position:			
Investment in capital assets	76,283,793	74,440,569	150,724,362
Restricted for:			
Insurance reserves and deposits	308,949	281,925	590,874
Public safety assistance	464,401	—	464,401
Public works projects	3,246,553	—	3,246,553
Tourism related and parks	2,544,062	—	2,544,062
Future capacity of utility	—	1,504,365	1,504,365
Unrestricted	9,828,502	15,396,364	25,224,866
Total net position	<u>92,676,260</u>	<u>91,623,223</u>	<u>184,299,483</u>
Total Liabilities and Net Position	<u>\$ 119,082,791</u>	<u>\$ 109,791,040</u>	<u>\$ 228,873,831</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

	Primary Government				Net (expense) Revenue and Changes in Net Position		
	Expenses	Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions and Programs</b>							
<b>Governmental Activities:</b>							
General government admin.	\$ (2,514,035)	\$ 189,734	\$ 284,415	\$ —	\$ (2,039,886)	\$ —	\$ (2,039,886)
Finance	(843,764)	—	—	—	(843,764)	—	(843,764)
Information Services	(626,799)	—	—	—	(626,799)	—	(626,799)
Public safety	(12,431,410)	429,975	—	169,565	(11,831,870)	—	(11,831,870)
Planning and development	(1,628,867)	413,191	—	—	(1,215,676)	—	(1,215,676)
Public works	(4,793,492)	2,065,244	—	378,226	(2,350,022)	—	(2,350,022)
Parks and recreation	(4,216,638)	212,184	—	75,395	(3,929,059)	—	(3,929,059)
Support services	(1,040,604)	—	—	—	(1,040,604)	—	(1,040,604)
Debt service – interest	(342,328)	—	—	—	(342,328)	—	(342,328)
Total governmental activities	(28,437,937)	3,310,328	284,415	623,186	(24,220,008)	—	(24,220,008)
<b>Business-type Activities:</b>							
Water and Sewer Utility	(14,038,718)	11,768,081	—	1,441,531	—	(829,106)	(829,106)
Solid Waste	(3,869,768)	4,057,715	—	—	—	187,947	187,947
Aquatic Center	(2,189,548)	1,868,460	—	—	—	(321,088)	(321,088)
Beach Service	(2,044,683)	1,552,670	—	—	—	(492,013)	(492,013)
Total business-type activities	(22,142,717)	19,246,926	—	1,441,531	—	(1,454,260)	(1,454,260)
Total functions and programs	\$ (50,580,654)	\$ 22,557,254	\$ 284,415	\$ 2,064,717	(24,220,008)	(1,454,260)	(25,764,268)
<b>General Revenue and Transfers</b>							
General Revenue:							
Property taxes					14,362,908	—	14,362,908
Accommodations and hospitality taxes					7,757,661	—	7,757,661
State shared taxes – unrestricted					943,614	—	943,614
Business licenses and franchise taxes					7,087,839	—	7,087,839
Unrestricted investment earnings					23,601	58,506	82,107
Miscellaneous					55,253	216,330	271,583
Transfers:							
Transfers in/(out)					(1,181,242)	1,181,242	—
Total general revenue and transfers					29,049,634	1,456,078	30,505,712
<b>Changes in net position</b>					<b>4,829,626</b>	<b>1,818</b>	<b>4,831,444</b>
Net position – beginning of year					87,846,634	91,621,405	179,468,039
Net position – end of year					\$ 92,676,260	\$ 91,623,223	\$ 184,299,483

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2013

	General Fund	Stormwater Drainage Fund	Park Development Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 3,066,100	\$ —	\$ —	\$ —	\$ 3,066,100
Equity in pooled cash and cash equivalents	4,092,336	6,201,682	2,296,562	2,448,934	15,039,514
Deposits held by others	2,397	—	300,459	—	302,856
Receivables, net	1,386,137	140,812	—	1,328,517	2,855,466
Due from other funds	3,843,695	—	—	—	3,843,695
Due from other governments	192,222	—	—	947,575	1,139,797
Inventories and prepaids	250,073	—	—	—	250,073
Restricted assets:					
Cash and cash equivalents	746,247	—	5,132,447	—	5,878,694
Equity in pooled cash and cash equivalents	—	—	—	—	—
<b>Total assets</b>	<b>\$ 13,579,207</b>	<b>\$ 6,342,494</b>	<b>\$ 7,729,468</b>	<b>\$ 4,725,026</b>	<b>\$ 32,376,195</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 738,171	\$ 17,877	\$ —	\$ 465,763	\$ 1,221,811
Accrued payroll and withholdings payable	540,899	—	—	—	540,899
Due to other funds	—	—	—	946,478	946,478
Due to other governments	18,125	—	—	—	18,125
Payable from restricted assets	314,130	—	3,038,284	—	3,352,414
<b>Total liabilities</b>	<b>1,611,325</b>	<b>17,877</b>	<b>3,038,284</b>	<b>1,412,241</b>	<b>6,079,727</b>
Fund balances:					
Non-spendable	250,073	—	—	—	250,073
Restricted by others	464,401	3,000,000	—	696,452	4,160,853
Committed by ordinance	392,500	2,323,528	2,094,163	534,332	5,344,523
Assigned by management	—	1,001,089	2,597,021	2,082,001	5,680,111
Unassigned reported in:					
General Fund	10,860,908	—	—	—	10,860,908
<b>Total fund balances</b>	<b>11,967,882</b>	<b>6,324,617</b>	<b>4,691,184</b>	<b>3,312,785</b>	<b>26,296,468</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,579,207</b>	<b>\$ 6,342,494</b>	<b>\$ 7,729,468</b>	<b>\$ 4,725,026</b>	

**Reconciliation to amounts reported for governmental activities in the Statement of Net Position (see Note 15):**

Capital assets used in governmental activities are not financial resources and therefore are not reported in these funds.	86,967,178
Internal service funds are used by management to charge the costs of health insurance to individual funds and are not reported in these funds.	356,839
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	(20,944,225)
<b>Net position, end of year – Governmental Activities</b>	<b>\$ 92,676,260</b>

*See accompanying notes to financial statements*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

	General Fund	Stormwater Drainage Fund	Park Development Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 12,159,139	\$ —	\$ —	\$ 2,203,769	\$ 14,362,908
Licenses and permits	7,500,430	—	—	—	7,500,430
Fines and forfeitures	319,623	—	—	—	319,623
Use of money and property	183,657	—	22,150	12,295	218,102
Unrestricted					
intergovernmental	943,614	—	—	—	943,614
Restricted					
intergovernmental	244,960	—	—	8,135,887	8,380,847
Sales and service charges	411,109	2,033,213	—	600	2,444,922
Miscellaneous	76,178	—	—	208,237	284,415
Total revenue	<u>21,838,710</u>	<u>2,033,213</u>	<u>22,150</u>	<u>10,560,788</u>	<u>34,454,861</u>
<b>Expenditures</b>					
Current:					
General government administration	2,111,814	—	—	—	2,111,814
Finance	786,086	—	—	—	786,086
Information services	478,024	—	—	—	478,024
Public safety	11,619,810	—	—	—	11,619,810
Planning/development	1,536,643	—	—	—	1,536,643
Public works	2,169,208	—	—	—	2,169,208
Parks and recreation	2,611,082	—	—	1,461,699	4,072,781
Support services	1,001,090	—	—	—	1,001,090
Debt service	606,936	—	—	2,549,030	3,155,966
Capital outlay	681,163	774,219	9,252,896	3,372,576	14,080,854
Total expenditures	<u>23,601,856</u>	<u>774,219</u>	<u>9,252,896</u>	<u>7,383,305</u>	<u>41,012,276</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,763,146)</u>	<u>1,258,994</u>	<u>(9,230,746)</u>	<u>3,177,483</u>	<u>(6,557,415)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	4,588,250	23,525	1,279,283	3,332,220	9,223,278
Transfers (out)	<u>(2,150,000)</u>	<u>(281,430)</u>	<u>(495,444)</u>	<u>(7,477,646)</u>	<u>(10,404,520)</u>
Total other financing sources (uses)	<u>2,438,250</u>	<u>(257,905)</u>	<u>783,839</u>	<u>(4,145,426)</u>	<u>(1,181,242)</u>
<b>Net change in fund balances</b>	<b>675,104</b>	<b>1,001,089</b>	<b>(8,446,907)</b>	<b>(967,943)</b>	<b>(7,738,657)</b>
Fund balances, beginning of year	<u>11,292,778</u>	<u>5,323,528</u>	<u>13,138,091</u>	<u>4,280,728</u>	<u>34,035,125</u>
Fund balances, end of year	<u>\$ 11,967,882</u>	<u>\$ 6,324,617</u>	<u>\$ 4,691,184</u>	<u>\$ 3,312,785</u>	<u>\$ 26,296,468</u>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS

— CONTINUED —

**Reconciliation to amounts reported for governmental activities in the  
 Statement of Activities (see Note 15):**

Net change in fund balances – total governmental funds	\$ (7,738,657)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	10,461,477
Internal service funds are used by management to charge the costs of health insurance programs to individual funds. This is the amount allocated to Governmental Activities.	(92,986)
Some expenses reported in Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in these funds.	(626,762)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<div style="border-top: 1px solid black; display: inline-block;">2,826,554</div>
Change in net position – Governmental Activities	<div style="border-top: 3px double black; display: inline-block;">\$ 4,829,626</div>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

JUNE 30, 2013

	Business-type Activities – Enterprise Funds					Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	
<b>Assets</b>						
Current assets:	\$ 9,305,009	\$ —	\$ 400	\$ 6,607	\$ 9,312,016	\$ —
Cash and cash equivalents	3,241,499	809,105	12,450	—	4,063,054	716,530
Equity in pooled cash and cash equivalents	2,023,604	290,322	15,901	62,342	2,392,169	—
Receivables, net	—	—	—	184,105	184,105	—
Due from other funds	267,957	—	—	—	267,957	—
Due from others	430,989	—	—	5,368	436,357	—
Inventories	—	—	—	—	—	—
Restricted assets:						
Cash and cash equivalents	3,538,754	—	—	—	3,538,754	177,947
Equity in pooled cash and cash equivalents	123,031	—	—	—	123,031	—
Deposits with others	280,000	—	—	—	280,000	8,017
Total current assets	19,210,843	1,099,427	28,751	258,422	20,597,443	902,494
Non-current assets:						
Capital assets, not subject to depreciation	2,344,734	—	—	—	2,344,734	—
Capital assets, subject to depreciation	67,446,154	1,421,368	8,115,666	567,426	77,550,614	—
Total capital assets, net	69,790,888	1,421,368	8,115,666	567,426	79,895,348	—
Deferred charges, net	12,126,894	—	36,078	—	12,162,972	—
Total non-current assets	81,917,782	1,421,368	8,151,744	567,426	92,058,320	—
Total assets	\$ 101,128,625	\$ 2,520,795	\$ 8,180,495	\$ 825,848	\$ 112,655,763	\$ 902,494

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET  
PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities – Enterprise Funds					Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	
<b>Liabilities and Net Position</b>						
Current liabilities:						
Accounts payable	\$ 733,712	\$ 105,846	\$ 46,867	\$ 54,062	\$ 940,487	\$ 5,875
Accrued payroll and related taxes	93,278	53,976	31,440	147,382	326,076	—
Due to other funds	—	—	—	3,081,322	3,081,322	—
Accrued interest payable	—	—	133,128	—	133,128	—
Contracts and note payable – current portion	950,000	—	406,778	—	1,356,778	—
Unearned revenue	—	—	260,532	—	260,532	—
Insurance reserves and claims payable	—	—	—	—	—	244,008
Liabilities payable from restricted assets	2,156,186	—	—	—	2,156,186	183,087
Total current liabilities	3,933,176	159,822	878,745	3,282,766	8,254,509	432,970
Long-term (non-current) liabilities:						
Accrued compensated absences	234,662	141,324	39,368	—	415,354	—
Contracts payable	6,398,333	—	—	—	6,398,333	—
Note payable	—	—	5,048,001	—	5,048,001	—
Other post-employment benefits (OPEB)	466,608	247,028	96,064	—	809,700	913,871
Total long-term liabilities	7,099,603	388,352	5,183,433	—	12,671,388	913,871
Total liabilities	11,032,779	548,174	6,062,178	3,282,766	20,925,897	1,346,841
Net position:						
Investment in capital assets	69,790,888	1,421,368	2,660,887	567,426	74,440,569	—
Restricted for:						
Future capacity and deposits	1,785,599	—	—	—	1,785,599	—
Health insurance claims	—	—	—	—	—	2,877
Unrestricted (deficit)	18,519,359	551,253	(542,570)	(3,024,344)	15,503,698	(447,224)
Total net position	90,095,846	1,972,621	2,118,317	(2,456,918)	91,729,866	(444,347)
Total liabilities and net position	\$ 101,128,625	\$ 2,520,795	\$ 8,180,495	\$ 825,848	\$ 112,655,763	\$ 902,494

Some amounts reported for Business-type Activities in the Statement of Net Position are different because certain Internal Service Fund assets and liabilities are included with Business-type Activities (see Note 15):

Net position of Business-type Activities	(106,643)
	\$ 91,623,223

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2013

	Business-type Activities – Enterprise Funds					Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	
<b>Operating Revenue</b>						
Sales and service charges	\$ 11,768,081	\$ 4,057,715	\$ 1,868,460	\$ 1,552,670	\$ 19,246,926	\$ 3,914,516
Total operating revenue	<u>11,768,081</u>	<u>4,057,715</u>	<u>1,868,460</u>	<u>1,552,670</u>	<u>19,246,926</u>	<u>3,914,516</u>
<b>Operating Expenses</b>						
General government administration	1,085,187	212,672	81,427	128,843	1,508,129	2,116,620
Finance	730,272	103,751	28,879	72,197	935,099	139,630
Information services	291,924	58,385	19,462	29,192	398,963	22,699
Public safety	62,955	—	—	770,886	833,841	795,777
Planning/development	35,635	—	—	—	35,635	96,197
Public works	7,907,266	2,942,952	—	—	10,850,218	553,795
Parks and recreation	—	—	1,487,965	827,913	2,315,878	304,512
Support services	487,346	146,294	52,673	71,759	758,072	106,542
Depreciation and amortization	2,984,758	400,426	295,150	141,099	3,821,433	—
Total operating expenses	<u>13,585,343</u>	<u>3,864,480</u>	<u>1,965,556</u>	<u>2,041,889</u>	<u>21,457,268</u>	<u>4,135,772</u>
Operating income (loss)	(1,817,262)	193,235	(97,096)	(489,219)	(2,210,342)	(221,256)
<b>Non-Operating Revenue (Expenses)</b>						
Interest earned on investments	58,506	—	—	—	58,506	(137)
Interest expense	(434,783)	—	(221,302)	—	(656,085)	—
Non-operating program fees and other	—	—	6,220	3,966	10,186	54,312
Restricted intergovernmental	—	—	—	—	—	—
Miscellaneous and other	187,574	8,278	2,400	7,892	206,144	44,730
Total non-operating revenue (expenses)	<u>(188,703)</u>	<u>8,278</u>	<u>(212,682)</u>	<u>11,858</u>	<u>(381,249)</u>	<u>98,905</u>
Income (loss) before contributions and transfers	(2,005,965)	201,513	(309,778)	(477,361)	(2,591,591)	(122,351)
<b>Capital Contributions</b>	1,441,531	—	—	—	1,441,531	—
<b>Transfers – in (out)</b>	—	134,431	509,779	537,032	1,181,242	—
<b>Change in net position</b>	<b>(564,434)</b>	<b>335,944</b>	<b>200,001</b>	<b>59,671</b>	<b>31,182</b>	<b>(122,351)</b>
Net position, beginning of year	90,660,280	1,636,677	1,918,316	(2,516,589)	(2,516,589)	(321,996)
Net position, end of year	<u>\$ 90,095,846</u>	<u>\$ 1,972,621</u>	<u>\$ 2,118,317</u>	<u>\$ (2,456,918)</u>	<u>\$ (444,347)</u>	<u>\$ (444,347)</u>

Some amounts reported for Business-type Activities in the Statement of Activities are different because certain Internal Service Fund Revenue and Expenses are reported with Business-type Activities (see Note 15):

Change in net position of Business-type Activities	(29,364)
	<u>1,818</u>

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2013

	Business-type Activities – Enterprise Fund					Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service	Totals	
<b>Cash flows from operating activities</b>						
Cash received from:						
User fees	\$ 11,611,789	\$ 4,013,755	\$ 1,845,046	\$ 1,178,250	\$ 18,648,840	\$ 3,914,516
Tap fees	85,071	—	—	—	85,071	—
Service and miscellaneous charges	135,104	7,037	33,791	263,107	439,039	—
Cash paid to (for):						
Employee salaries and related costs	(3,369,460)	(1,630,207)	(940,031)	(1,164,912)	(7,104,610)	—
Water and sewer system costs	(5,126,948)	—	—	—	(5,126,948)	—
Collection services	—	(1,131,506)	—	—	(1,131,506)	—
Aquatic Center operations	—	—	(511,324)	—	(511,324)	—
Beach Service operations	—	—	—	(240,724)	(240,724)	—
Health insurance and claims costs	—	—	—	—	—	(3,997,469)
Overhead and miscellaneous costs	(2,300,147)	(637,104)	(202,231)	(418,924)	(3,558,406)	—
Net cash provided by (used in) operating activities	1,035,409	621,975	225,251	(383,203)	1,499,432	(82,953)

**Cash flows from non-capital and related financing activities**

Inter-fund borrowing/payments, net	244	—	(50,851)	15,463	(35,144)	—
Tower rental and other	176,674	—	—	—	176,674	—
Intergovernmental grants	—	—	—	—	—	—
Local accommodation/hospitality taxes	—	134,431	509,779	537,032	1,181,242	—
Non-operating fees, donations/fundraisers	—	2,079	6,220	3,966	12,265	98,905
Net cash provided by (used in) non-capital and related financing activities	176,918	136,510	465,148	556,461	1,335,037	98,905

**Cash flows from capital and related financing activities**

Acquisition and construction of capital assets	(2,026,072)	(28,426)	(61,379)	(181,144)	(2,297,021)	—
Proceeds from sale of assets	10,900	6,199	2,400	7,892	27,391	—
Principal paid on bonds and contracts	(905,000)	—	(391,548)	—	(1,296,548)	—
Interest and bond agent fees on long-term debt	(434,783)	—	(227,422)	—	(662,205)	—
Capital contributions – impact fees, grants and other cash contributions	1,441,531	—	—	—	1,441,531	—
Net cash provided by (used in) capital and related financing activities	(1,913,424)	(22,227)	(677,949)	(173,252)	(2,786,852)	—

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

— CONTINUED —

	Business-type Activities — Enterprise Fund				Totals	Internal Service Fund
	Water and Sewer Utility	Solid Waste	Aquatic Center	Beach Service		
<b>Cash flows from investing activities</b>						
Interest received on investments	58,506	—	—	—	58,506	—
Net cash provided by (used in) investing activities	58,506	—	—	—	58,506	—
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(642,591)</b>	<b>736,258</b>	<b>12,450</b>	<b>6</b>	<b>106,123</b>	<b>15,952</b>
Cash and cash equivalents, beginning of year (of which \$4,691,726 is restricted)	16,850,884	72,847	400	6,601	16,930,732	878,525
Cash and cash equivalents, end of year (of which \$3,839,732 is restricted)	\$ 16,208,293	\$ 809,105	\$ 12,850	\$ 6,607	\$ 17,036,855	\$ 894,477
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>						
Operating income (loss)	(1,817,262)	193,235	(97,096)	(489,219)	(2,210,342)	(221,256)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	2,984,758	400,426	295,150	141,099	3,821,433	—
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	63,883	(36,924)	2,924	(13,371)	16,512	—
(Increase) decrease in inventories	63,440	—	—	(4,180)	59,260	—
Increase (decrease) in accounts and other payables	(284,322)	44,274	5,956	636	(233,456)	138,303
Increase (decrease) in payroll and accrued liabilities	24,912	20,964	5,016	(18,168)	32,724	—
Increase (decrease) in unearned revenue	—	—	13,301	—	13,301	—
Increase (decrease) in other post employment benefits (OPEB)	—	—	—	—	—	—
Net cash provided by (used in) operating activities	\$ 1,035,409	\$ 621,975	\$ 225,251	\$ (383,203)	\$ 1,499,432	\$ (82,953)

**Supplemental disclosure of non-cash capital and related financing activities**

System contributions by developers	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of bond issue costs	\$ —	\$ —	\$ 3,436	\$ —	\$ 3,436	\$ —

See accompanying notes to financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION  
FUDUCIARY FUNDS

JUNE 30, 2013

	<u>Pension Trust Funds</u>	<u>Agency Fund Firemen's Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ —	\$ 17,676
Cash and temporary investments – mutual funds	15,791,427	—
Receivables – Participant loans	1,113,565	—
Total assets	<u>\$ 16,904,992</u>	<u>\$ 17,676</u>
<b>Liabilities</b>		
Due to Firemen's Association	\$ —	\$ 17,676
Total liabilities	<u>—</u>	<u>\$ 17,676</u>
<b>Net Position</b>		
Held in trust for employee's pension benefits	<u>\$ 16,904,992</u>	

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FUDUCIARY FUNDS

YEAR ENDED JUNE 30, 2013

	<b>Pension Trust Funds</b>
<b>Additions</b>	
Employer contributions	\$ 852,560
Employee (member) contributions	215,656
Investment income (loss)	1,482,496
Non-vested rollover	27,430
Total additions	2,578,142
<b>Deductions</b>	
Benefit payments and loan issuance costs	576,325
Trustee fees	15,486
Forfeitures	8,595
Total deductions	600,406
<b>Change in net position</b>	<b>1,977,736</b>
Net position, beginning of year	14,927,256
Net position, end of year	<b>\$ 16,904,992</b>

*See accompanying notes to financial statements.*

CITY OF NORTH MYRTLE BEACH

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of North Myrtle Beach, South Carolina was incorporated on May 7, 1968, and adopted a “Home Rule Charter” on February 13, 1976. The City operates under a “Council-Manager” form of government.

The financial statements of the City of North Myrtle Beach, South Carolina (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (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. GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, as amended, established new financial reporting requirements for governments and caused to restructure much of the information that the City presented in the past. The more significant of the government’s accounting policies are described below.

Using the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the basic financial statements of the City presents the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City’s financial statements to be misleading or incomplete. Financial accountability is defined as appointment of a voting majority of the separate organization’s board and either a) the ability to impose will by the primary government, or b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government. At June 30, 2013, there were no material component units of the City.

**B. Basis of Presentation**

**Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements – The Government-Wide financial statements consists of a Statement of Net Position and the Statement of Activities and reports information on all of the non-fiduciary activities of the government as a whole. Separate columns are used to distinguish between the City’s governmental and business-type activities. Governmental activities are generally those activities financed by taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds. Business-type activities are those activities which are financed in whole or in part by user fees charged to external parties for goods and services. These activities are usually reported in Enterprise Funds. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position reports all financial and capital resources of the City and reports the difference between assets and liabilities as “net position” not fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues and reflects the “net (expenses) revenue” of the City’s individual functions before applying ‘general’ revenues.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole, and thus reduce the net cost of the function to be financed from the government's general revenues. They include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. All revenues are 'general' revenues unless they are required to be reported as program revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-Wide financial statements. The focus of governmental and proprietary fund financial statements is on 'major' funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with 'non-major' funds being aggregated and displayed in a single column.

The City reports the following 'major' governmental funds: General Fund and Park Development. While a "major fund" in prior-years, the City has elected to report its Stormwater Drainage Fund separately to enhance the presentation of significant governmental funds. The City reports the following 'major' proprietary funds: Water and Sewer Utility Fund, Solid Waste Fund, Aquatic Center Fund, and Beach Service Fund.

A combining schedule of non-major funds is presented separately as part of Other Financial Information. Because of the basis of accounting and reporting differences in Governmental Funds, summary reconciliations to the Government-Wide financial statements are presented at the end of each applicable fund financial statement.

*Governmental Funds*

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The Governmental Fund category includes the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

**General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes. The City's Special Revenue Funds consists of the Accommodations (2%) Tax Fund, Local Accommodations (1.5%) Tax Fund, and Hospitality (1%) State Fee Fund, which have been adopted pursuant to state laws.

**Debt Service Funds** – Debt Service Funds account for the accumulation of financial resources for the payment of interest and principal on certain general long-term debt of the City, other than debt service payments financed by proprietary fund types. This includes accounts for Stormwater Bonds and Park Bonds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

**Capital Projects Funds** – The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds). The City utilizes the following individual Capital Projects Funds: Capital Improvement Fund, Street Improvement Fund, Beach Renourishment Fund, Park Development Fund, and Stormwater Drainage Fund.

*Proprietary Funds*

Proprietary fund reporting primarily focuses on the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The proprietary fund category includes the Enterprise Fund and the Internal Service Fund.

**Enterprise Funds** – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City uses the Water and Sewer Utility Fund to account for all financial resources associated with furnishing water and sewer service to domestic, business and industrial users; the Solid Waste Fund to account for all revenues and expenses related to the City's solid waste activities; the Aquatic Center Fund to account for all revenues and expenses associated with the operation of the City's Aquatic and Fitness Center; and the Beach Service Fund to account for all revenues and expenses related to the City's beach service activities.

**Internal Service Funds** – Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a user-charge basis. This includes Insurance Reserves Fund which accounts for the health insurance programs of employees and retiree/non-employees of the City.

*Fiduciary Funds*

Fiduciary fund reporting focuses on net position and changes in net position, and is used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The Fiduciary Fund category includes Pension Trust Funds to account for retirement benefits, and Agency Funds to account for the City's Firemen's Funds.

**Pension Trust Funds** – A Pension Trust Fund is a fund held by the City in a trustee capacity for retirement plan members, and used to account for the accumulation of assets for the purpose of paying benefits when they become due in accordance with the terms of the plan. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is fundamental. The City maintains two pension trust funds – *see Note 11*.

**Agency Funds** – Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds; are custodial in nature (assets equal liabilities); and do not involve the measurement of results of operations. The City's Firemen's Fund accounts for the 1% fire insurance premiums passed-through from the State for the exclusive benefit of the City's firemen. These activities have been excluded from the City's Government-wide financial statements because the City can not use those assets to finance its operations.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

Under GASB #34, 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. 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 budget year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

As a general rule, the effect of interfund activity (i.e. advances or short-term loans) has been eliminated from the Government-Wide financial statements, except for amounts due between the City's governmental activities and business-type activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Revenues are considered to be available when they are collected within the current period or soon enough (usually 60 days) thereafter to pay liabilities of the current 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.

Proprietary Fund financial statements reflect revenues, expenses and changes in net position using the economic resources measurement focus and the full accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for Enterprise Funds and Internal Services Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Insurance Reserves Fund is an Internal Service Fund that records all health related costs of the City as well as its actuarially determined OPEB expenses for the current period. The fund accounts for actual healthcare resources and costs of employees, administration of flexible spending and health reimbursement costs, plus normal costs of OPEB health benefits and amortization of unfunded/actuary-determined OPEB health benefits, reinsurance for health benefits, and administration and processing fees for the health insurance programs for the City. Each fund of the City is charged a set amount (insurance premiums) per covered employee position that is budgeted for the year.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

The City will appraise results of the Insurance Reserves Fund on an annual basis and adjust rates from the City's various governmental and enterprise funds to assure proper funding for prior, current and future costs of all health insurance-related activities. Thus, the amount subsequently charged per covered employee is adjusted to cover all costs (and any prior-year deficits) associated with the Insurance Reserves Fund.

Private-sector standards of accounting and financial reporting are generally followed in both the Government-Wide and Proprietary Fund financial statements pursuant to GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements"*. This Statement codifies into GASB accounting and financial reporting standards the "legacy" standards from the private-sector.

The Statement of Fiduciary Net Position includes information about the assets, liabilities, and net position for each of the City's fiduciary fund types on the basis of accounting similar to proprietary-type funds, except for agency funds. The Statement of Changes in Fiduciary Net Position presents information about the additions, deductions, and net increases (or decreases) for the year in net position for each fiduciary fund type.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts, certain claims and judgment liabilities, and current-portions of compensated absences among other accounts. Actual results could differ from those estimates.

**D. Budgets and Budgetary Accounting**

The City follows the procedures described below in establishing the budgetary data reflected in the financial statements:

- By May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures (expenses) and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- By June 30, the budget is legally enacted through passage of an ordinance to set the tax levy (millage) for the fiscal year.
- The City Manager is legally authorized by ordinance to transfer amounts within and between funds; however, any revisions that alter the City-wide total appropriations (expenditures/expenses), other than transfers, of the approved initial budget must be approved by the City Council.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**D. Budgets and Budgetary Accounting (Continued)**

- The City employs formal budgetary integration as a management control device during the year and legally adopts a budget for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Enterprise Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is not employed for the Trust and Agency funds.
- Appropriations lapse at the end of each fiscal year.

Since the City has adopted GASB Statement #54, encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation - is not used by the City and, accordingly, is not a part of budgetary integration.

Budget Deficits and Fund Balances

For the year ended June 30, 2013, 'final budgeted' expenditures/expenses exceeded estimated revenues as follows: Capital Improvements Capital Projects Fund by \$1,310,000; Stormwater Drainage Capital Project Fund by \$1,036,176; Beach Renourishment Capital Project Fund by \$57,500; Park Development Capital Projects Fund by \$12,775,000; Street Improvement Capital Project Fund by \$518,900; and Water and Sewer Enterprise Fund by \$117,724. These deficits were funded (if necessary) by unreserved and applicable reserved fund balances and additional unbudgeted revenue, and reduced actual expenditures/expenses.

The Enterprise Funds of the Water and Sewer Utility Fund, Solid Waste Fund, Aquatic Center Fund, and Beach Service Fund operated under total operating expense budgets equaling \$14.5 million, \$3.9 million, \$2.0 million and \$1.8 million, respectively.

At June 30, 2013, deficit fund balances/net position resulted in the following: Beach Service Enterprise Fund by \$2,456,918, and Insurance Reserves Internal Service Fund by \$444,347. These deficits are expected to be resolved from either future appropriations or revenues.

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses**

Cash and Cash Equivalents, and Investments

The City pools the cash of all funds into a central depository bank account except where legal restrictions prohibit the commingling of funds. Temporary investments are then made from the account in collaborative form in order to maximize the return on invested funds. Therefore, in the "Statement of Cash Flows", all Water and Sewer Utility Fund cash and investments (including restricted assets other than deposits with other agencies) are essentially demand deposits and are considered cash and cash equivalents. Each individual fund's equity in the pooled cash and temporary investments is shown in that fund. Allocation of interest earned is made to each fund based on pro rata equity.

Investments of the Money Purchase Retirement Plans managed by the ICMA Retirement Corporation, a third party administrator, consists of a combination of mutual funds, and money market accounts as selected by the participating employees. All investments are carried at fair value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated net of their allowance for uncollectible accounts.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)**

Inventories

Inventories are valued at weighted average cost and consist of expendable supplies held for consumption. Accordingly, the cost is recorded as an asset at the time individual inventory items are purchased and then expended as the supplies are consumed (“consumption method”). Reported inventories in the Governmental Funds are equally offset by a fund balance reserve which indicates that they do not constitute “available expendable resources” even though they are a component of net current assets.

Deferred Charges

Bond issuance costs are deferred and amortized over the life of the related bond issue using the straight-line method. Additionally, the costs of purchased water capacity and sewer treatment incurred by the Water and Sewer Utility Fund is being amortized over the longer of the life of the related agreements or the useful life of the asset using the straight-line method.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions result in loans or advances between individual funds. The lending fund reports amounts ‘due from other funds’, while the borrowing fund reports amounts ‘due to other funds’. These interfund receivables and payables are classified as “internal balances” on the government-wide Statement of Net Position and have been eliminated. Amounts payable to the Governmental activities from the Business-type activities are reported as contra-assets in the Proprietary fund financial statements for consistency and clarity in presentation. The City deems all interfund receivables and payables to be short-term.

Restricted Assets

Restricted accounts include monies or other resources, the use of which is restricted by legal or contractual requirements. In the Water and Sewer Utility Enterprise Fund restricted assets arise from certain bond and contract ordinances.

Capital Assets and Depreciation

Capital assets, which include land, buildings, water and sewer systems, improvements, machinery and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the Government-Wide financial statements. Capital assets of the City that are not specifically related to activities reported in proprietary or fiduciary funds have been reported as assets in the governmental funds column of the Government-Wide financial statement. Capital assets are defined by the City as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost if purchased or constructed, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain (infrastructure) capital assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) have been capitalized using actual and estimated historical costs of major general infrastructure assets that were acquired or significantly reconstructed, or that received significant improvements in fiscal years ending after June 30, 1980.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)**

Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight line method with service lives as follows: Buildings – 15 to 40 years; Water and sewer systems – 10 to 60 years; Improvements – 10 to 30 years; Machinery and equipment – 3 to 20 years; Infrastructure – 30 years.

Interest costs incurred during the construction phase of Business-type Activities (Enterprise Fund) capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2013, there were no material capitalized interest costs incurred.

Deferred Revenue

In the Government-wide financial statements, and in the Governmental Fund and Proprietary Fund types, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability for deferred revenue, commonly referred to as unearned revenue. Unearned revenue in the Government-wide and in the Proprietary (Enterprise) financial statements, is represented by various deposits on contracts. In the Governmental Fund financial statements certain assets that are not yet available to finance expenditures for the current fiscal period are classified as deferred revenue.

Long-term Obligations

In the Government-Wide financial statements, and the 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 activities, or proprietary fund type Statement of Net Position. Long-term debt represents unmatured principal of general obligation and revenue bond indebtedness, and outstanding portions due on long-term contracts. Other long-term obligations represent outstanding net present value portions due on capital lease obligations, and long-term portions of claims or judgments. Liabilities arising from interfund activities do not constitute general long-term liabilities.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as Other Financing Sources.

Compensated Absences (Accrued Vacation)

It is the City's policy to permit employees to accumulate earned, but unused vacation leave. In the Government-Wide and Proprietary Fund financial statements, vacation pay is accrued and expensed when earned (incurred) and reported as a current and long-term liability based upon management's estimates of employees using their leave in the current period, or accumulating their earned leave for future (long-term) use. Thus, typically employees consume newly-earned increments of leave in future periods and unused portions of vacation leave represent the eventual long-term contractual obligations of the City. At June 30, 2013, there were no material short-term payable amounts based on known retirement or resignation. In the Governmental Funds, expenditures and liabilities related to these obligations are recognized when they become due. For example, vacation pay that is expected to be liquidated (as a result of employee termination or retirement) with expendable available financial resources is reported as an expenditure and a fund liability in these funds. For Governmental Funds, no material amounts have matured (come due for payment) with expendable available financial resources at June 30, 2013. Employees are not allowed to accumulate sick leave days and any unused sick leave at termination will not be paid.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)**

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the City’s total assets and deferred inflows, less total liabilities and deferred outflows represents net position. Net position for both the governmental and proprietary fund types displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the assets available for future operations. In the Fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent.

Non-spendable Fund Balance

Fund balances include amounts “not in spendable form” and are not expected to be converted to cash. The City deems all of its interfund receivables (net of payables) to be short-term borrowing and not held long-term. The following are Non-spendable fund balances at June 30, 2013:

<b>General Fund:</b>	
Inventories and prepaid items	\$ 250,073
Total Non-spendable	<u>\$ 250,073</u>

Restricted Fund Balance

Include amounts that can only be used for specific purposes pursuant to externally imposed (by others) stipulations by creditors, grantors, contributions, or laws and regulations of other governments, or imposed by law through constitutional or enabling legislation for specific purposes – are as follows:

<b>General Fund:</b>	
Drug enforcement	\$ 388,770
Public Safety Scholarship	44,843
Victims’ Assistance	30,788
	<u>464,401</u>
<b>Special Revenue Fund:</b>	
State (2%) Accommodations Tax	<u>449,899</u>
<b>Capital Projects Fund:</b>	
Capital improvement – Cherry Grove dredging	<u>246,553</u>
Stormwater drainage	<u>3,000,000</u>
Total restricted by others	<u>\$ 4,160,853</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)**

Committed Fund Balance

Include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (City Council and its ordinances). Changes in these commitments require action by City Council – and are as follows:

<b>General Fund:</b>	
Contingency ordinance	\$ 250,000
Emergency recovery ordinance	142,500
	<u>392,500</u>
<b>Special Revenue Fund:</b>	
Stormwater drainage fees ordinance	<u>2,323,528</u>
<b>Debt Service Funds:</b>	
Debt retirement ordinance	<u>80,226</u>
<b>Capital Projects Funds:</b>	
Street improvements ordinance	454,106
Park development ordinance	<u>2,094,163</u>
Total committed by ordinance	<u>\$ 5,344,523</u>

Assigned Fund Balance

Include amounts that are constrained by government’s intent to use resources for specific purpose, but are neither restricted nor committed. By the City’s state-charter and form, “Council-manager”, the City Manager and/or through the annual budget, is authorized to assign resources for specific purposes – which are as follows:

<b>Capital Projects Funds:</b>	
Park development projects	\$ 2,597,021
Capital improvement ocean front parking project	723,961
Beach renourishment project	416,348
Street improvement underground utilities project	941,692
Stormwater drainage projects	<u>1,001,089</u>
Total assigned by management	<u>\$ 5,680,111</u>

Unassigned Fund Balance

Represents the residual classification for the General Fund, or in other governmental funds if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

When restricted or committed fund balances are available for the same event or project, the City’s policy is to expend restricted funds before using committed, assigned or unassigned funds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)**

Program and General Revenues

The City charges public fees for building permits and inspections, participation fees for certain recreational activities and stormwater fees. These fees as well as fines for traffic violations and grant revenues are recorded as program revenue in the Statement of Activities.

General revenues reported by the City include property taxes, state shared taxes, business licenses, hospitality fees (which are meal and hotel imposed taxes) and franchise fees (which are general revenue fees in lieu of business licensees).

The City has imposed a one and one-half (1.5 %) percent local accommodations and a one (1.0%) percent hospitality fee, both of which purposes are restricted by State law, with City Council designating such receipts toward the City's Aquatic Center. Accordingly, these funds have been reported as non-operating revenue in the Aquatic Center Enterprise Fund.

Property Taxes

The City of North Myrtle Beach assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process.

Real property and all personal property other than vehicles are assessed for property tax purposes as of December 31 of each year. The basis for value of taxable property within the City is taken from the records of the Horry County Auditor. Taxes are levied on January 1, billed in October, and are due by January 15 in the year following their levy. A penalty of 3% is added to the tax bill on January 16; with an additional 7% added on February 2; and an additional 5% to the tax bill on March 17.

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 Department of Transportation and payment is due before the end of the month of the scheduled renewal.

City property tax revenues are recognized for the budget period to which they apply when they become measurable and available. Delinquent and unpaid property taxes are reported as receivables, less amounts estimated to be uncollectible.

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. The prior year summarized comparative information has been derived from the City's 2012 audited financial statements. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**2. Deposits and Investments**

Deposits

Custodial credit risk of deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2013, the carrying amount of the City's cash deposits with financial institutions was \$1,993,374 and the financial institution's balances totaled \$2,378,863. Of this balance, \$893,636 was covered by federal depository insurance and the remaining balance was covered by collateral held by the financial institutions' trust departments in the City's name. At June 30, 2013, the City's deposits were not materially exposed to custodial credit risk.

Investments

Custodial credit risk of investments is the risk that, in the event of a bank failure or the failure of the counterparty, the City will not be able to recover the value of its investments. The City does not have an investment policy for custodial credit risk. At June 30, 2013, the City had the following investment types:

	<b>Fair Value</b>	<b>Weight Average Maturity (years)</b>	<b>Credit Rating</b>
Repurchase agreements	\$ 5,943,210	0.002	n/a
Certificates of deposit	23,350,339	0.05	n/a
Money Market funds	9,038,647	n/a	Aa1
Mutual funds	15,791,427	n/a	AAA
State of South Carolina Treasurer's Investment Pool	1,598,014	0.5	Unrated
Total carrying value	<u>\$ 55,721,637</u>		

At June 30, 2013, the City's investments were not materially exposed to custodial credit risk.

*Interest Rate Risk.* The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State statute authorizes the City to invest in obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units provided such obligations are rated as an "A" or better by Moody's Investors Service, Inc. and Standard and Poor's Corporation or their respective successors; interest bearing accounts in 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, held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner. 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 State Treasurer also provides oversight for the State Treasurer's Investment Pool, of which, the fair value of the City's investments is the same as the value of the pooled shares. The City is under no contractual agreements which restrict investment alternatives. The City has no investment policy that would further limit its investment choices.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**2. Deposits and Investments (Continued)**

*Concentration of Credit Risk.* The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in repurchase agreements, bank certificates of deposit, money market funds, mutual funds, and pooled with the State Treasurer's investments. The concentrations of these investments are 17%, 32%, 25%, 23% and 3% respectively, of the City's total investments.

A reconciliation of deposits and investments to cash and cash equivalents shown on the Government-wide and Fiduciary financial statements at June 30, 2013 are as follows:

Cash on hand	\$ 9,732
Carrying amount of cash deposits	1,993,374
Carrying amount of investments	<u>55,721,637</u>
Total	<u>\$ 57,724,743</u>
Government-wide Statement of Net Position:	
Cash and cash equivalents	\$ 12,378,116
Equity in pooled cash and cash equivalents	19,819,098
Cash and cash equivalents-restricted	9,595,395
Equity in pooled cash and cash equivalents-restricted	123,031
Statement of Fiduciary Net Position:	
Cash and cash equivalents – Agency Fund	17,676
Investments – Pension Trust Funds:	
Money Purchase Retirement Plan #1	15,278,210
Money Purchase Retirement Plan #2	<u>513,217</u>
Total	<u>\$ 57,724,743</u>

**3. Receivables**

Receivables at June 30, 2013, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 1,113,317	\$ —
Franchise fees	676,302	—
Grants	1,119,472	—
Stormwater fees	140,812	—
Local accommodation and hospitality fees	818,517	—
Water and sewer accounts	—	2,028,604
Solid waste user fees	—	291,822
Aquatic Center	—	15,901
Beach Service	—	62,342
Other	8,076	—
Gross receivables	<u>3,876,496</u>	<u>2,398,669</u>
Less: allowance for uncollectibles	<u>(1,021,030)</u>	<u>(6,500)</u>
Net total receivables	<u>\$ 2,855,466</u>	<u>\$ 2,392,169</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**4. Internal Balances – Due To/From Other Funds and Transfers**

In the Governmental and Proprietary Enterprise Fund financial statements, short-term interfund receivables and payables at June 30, 2013, along with interfund transfers which occurred during the fiscal year were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Activities</u></b>				
General Fund	\$ 3,843,695	\$ —	\$ 4,588,250	\$ 2,150,000
Special Revenue Funds:				
Accommodations (2%) Tax Funds	—	127,961	—	1,352,053
Local Accommodations (1.5%) Tax Fund	—	552,472	—	2,685,412
Hospitality Fees (1%) Fund	—	266,045	—	2,091,898
Debt Service Fund:				
Stormwater Bonds	—	—	281,430	—
Capital Projects Funds:				
Capital Improvement Fund	—	—	1,639,391	1,348,283
Street Improvement Fund	—	—	1,394,428	—
Beach Renourishment Fund	—	—	16,971	—
Stormwater Drainage Fund	—	—	23,525	281,430
Park Development Fund	—	—	1,279,283	495,444
<b><u>Business-type Activities</u></b>				
Enterprise Funds:				
Solid Waste Fund	—	—	134,431	—
Aquatic Center Fund	184,105	3,081,322	509,779	—
Beach Services	—	—	537,032	—
	<u>\$ 4,027,800</u>	<u>\$ 4,027,800</u>	<u>\$ 10,404,520</u>	<u>\$ 10,404,520</u>

Net internal balances shown on the Statement of Net Position between Governmental and Business-type activities equaled \$2,897,217, and resulted from short-term loans between individual funds. Net transfers of monies in/out of Governmental and Business-type activities shown on the Statement of Activities equaled \$1,181,242.

**5. Due To/From Other Governments**

The amounts due to/from other governmental agencies include the following:

	<u>Due From</u>	<u>Due To</u>
<b><u>Governmental Activities</u></b>		
General Fund:		
Grants	\$ 192,222	\$ —
Abandoned property	—	18,125
Special Revenue Fund:		
Accommodations (2%) Tax Fund	947,575	—
	<u>\$ 1,139,797</u>	<u>\$ 18,125</u>
<b><u>Business-type Activities</u></b>		
Water and Sewer Utility Enterprise Fund grants	<u>\$ 267,957</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**6. Capital Assets**

A summary of the changes in the City's capital assets during the year ended June 30, 2013, are as follows:

**Governmental Activities:**

	<b>Balance June 30, 2012</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2013</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 15,126,608	\$ 323,740	\$ —	\$ —	\$ 15,450,348
Construction in progress	2,570,575	11,205,302	—	(807,382)	12,968,495
Total capital assets not being depreciated	<u>17,697,183</u>	<u>11,529,042</u>	<u>—</u>	<u>(807,382)</u>	<u>28,418,843</u>
<b>Capital assets being depreciated:</b>					
Buildings	21,281,987	105,485	—	—	21,387,472
Improvements	7,317,619	1,883,466	—	—	9,201,085
Machinery and equipment	16,021,892	576,356	(97,313)	—	16,500,935
Infrastructure	54,082,279	345,420	—	807,382	55,235,081
Total capital assets being depreciated	<u>98,703,777</u>	<u>2,910,727</u>	<u>(97,313)</u>	<u>807,382</u>	<u>102,324,573</u>
<b>Less, accumulated depreciation for:</b>					
Buildings	(7,435,756)	(602,079)	—	—	(8,037,835)
Improvements	(3,229,314)	(417,885)	—	—	(3,647,199)
Machinery and equipment	(12,366,187)	(1,075,110)	91,257	—	(13,350,040)
Infrastructure	(16,864,002)	(1,877,162)	—	—	(18,741,164)
Total accumulated depreciation	<u>(39,895,259)</u>	<u>(3,972,236)</u>	<u>91,257</u>	<u>—</u>	<u>(43,776,238)</u>
Total capital assets being depreciated, net	<u>58,808,518</u>	<u>67,533</u>	<u>(6,056)</u>	<u>—</u>	<u>58,548,335</u>
Net capital assets – Governmental Activities	<u>\$ 76,505,701</u>	<u>\$ 10,467,533</u>	<u>\$ (6,056)</u>	<u>\$ —</u>	<u>\$ 86,967,178</u>

For the year ended June 30, 2013, depreciation expenses charged to Governmental Activities totaled \$3,972,236, which has been allocated to the respective departmental functions, in the Statement of Activities as follows:

General government administration	\$ 77,078
Finance	34,193
Information services	139,895
Public safety	646,834
Planning and development	4,578
Public works	2,960,820
Parks and recreation	89,917
Support services	18,921
	<u>\$ 3,972,236</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**6. Capital Assets (Continued)**

**Business-type Activities:**

	<b>Balance June 30, 2012</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2013</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 485,905	\$ 221,049	\$ —	\$ —	\$ 706,954
Construction in progress	2,242,103	1,308,207	—	(1,912,530)	1,637,780
Total capital assets not being depreciated	<u>2,728,008</u>	<u>1,529,256</u>	<u>—</u>	<u>(1,912,530)</u>	<u>2,344,734</u>
<b>Capital assets being depreciated:</b>					
Buildings	11,095,444	26,853	—	—	11,122,297
Water and sewer systems	98,372,110	337,428	—	1,912,530	100,622,068
Improvements	121,465	—	—	—	121,465
Machinery and equipment	12,787,163	403,485	(463,350)	—	12,727,298
Total capital assets being depreciated	<u>122,376,182</u>	<u>767,766</u>	<u>(463,350)</u>	<u>1,912,530</u>	<u>124,593,128</u>
<b>Less, accumulated depreciation:</b>					
Buildings	(2,240,325)	(297,747)	—	—	(2,538,072)
Water and sewer systems	(32,368,945)	(1,889,258)	—	—	(34,258,203)
Improvements	(24,862)	(3,380)	—	—	(28,242)
Machinery and equipment	(9,929,366)	(751,981)	463,350	—	(10,217,997)
Total accumulated depreciation	<u>(44,563,498)</u>	<u>(2,942,366)</u>	<u>463,350</u>	<u>—</u>	<u>(47,042,514)</u>
Total capital assets being depreciated, net	<u>77,812,684</u>	<u>(2,174,600)</u>	<u>—</u>	<u>1,912,530</u>	<u>77,550,614</u>
Net capital assets – Business-type Activities	<u>\$ 80,540,692</u>	<u>\$ (645,344)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 79,895,348</u>

A summary of Proprietary Fund Type capital assets at June 30, 2013, is as follows:

	<b>Water and Sewer Utility</b>	<b>Solid Waste</b>	<b>Aquatic Center</b>	<b>Beach Service</b>	<b>Total</b>
Land	\$ 706,954	\$ —	\$ —	\$ —	706,954
Buildings	695,071	313,200	9,700,878	413,148	11,122,297
Water and sewer systems	100,622,068	—	—	—	100,622,068
Other improvements	—	32,262	89,203	—	121,465
Machinery and equipment	5,120,859	5,579,756	762,561	1,264,122	12,727,298
Construction in progress	1,637,780	—	—	—	1,637,780
Totals	<u>108,782,732</u>	<u>5,925,218</u>	<u>10,552,642</u>	<u>1,677,270</u>	<u>126,937,862</u>
Less, accumulated depreciation	<u>(38,991,844)</u>	<u>(4,503,850)</u>	<u>(2,436,976)</u>	<u>(1,109,844)</u>	<u>(47,042,514)</u>
Net capital assets – Proprietary Funds	<u>\$ 69,790,888</u>	<u>\$ 1,421,368</u>	<u>\$ 8,115,666</u>	<u>\$ 567,426</u>	<u>\$ 79,895,348</u>

For the year ended June 30, 2013, depreciation expenses were charged to Business-type activities totaling \$2,942,366 (Water and Sewer Utility – \$2,105,691, Solid Waste – \$400,426, Aquatic Center – \$295,150, and Beach Service – \$141,099, respectively).

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**7. Long-Term Debt**

Long-term debt (other than OPEB, see *Note 13*) of the City at June 30, 2013, consisted of the following:

**A. Governmental Activities**

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Final Maturity Dates</u>
<u>General Obligation Bonds:</u>				
Municipal Roads	4/22/09	3.26%	\$ 3,253,832	April 22, 2019
Parks	9/15/11	3.00%-4.00%	11,580,000	March 1, 2019
Total general obligation bonds			14,833,832	
Less, current portions (payable within one year)			(2,284,761)	
Add, bond premium \$1,496,381 less accumulated amortization of \$514,381			982,000	
			<u>\$ 13,531,071</u>	
<u>Accrued Compensated Absences</u>			\$ 1,199,146	
Less, current portions (payable within one year)			<u>—</u>	
			<u>\$ 1,199,146</u>	
Total Long-Term Debt – Governmental Activities			<u>\$ 14,730,217</u>	

**B. Business-type Activities**

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Final Maturity Dates</u>
<u>Water and Sewer Utility Fund</u>				
Contract payable:				
Myrtle Beach/Grand Strand Water Sale and Purchase Agreement Series	09/18/91	2.75%-5.50%	\$ 7,348,333	March 1, 2020
Less, current portions (payable within one year)			(950,000)	
			<u>\$ 6,398,333</u>	
<u>Aquatic Center Enterprise Fund</u>				
Aquatic and Fitness Center Note	11/13/03	3.89%	\$ 5,454,779	November 13, 2023
Less, current portions (payable within one year)			(406,778)	
			<u>\$ 5,048,001</u>	
<u>Accrued Compensated Absences</u>			\$ 415,354	
Less, current portions (payable within one year)			<u>—</u>	
			<u>\$ 415,354</u>	
Total Long-Term Debt – Business-type Activities			<u>\$ 11,861,688</u>	

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

C. Changes in Total Long-term Debt

Changes in the long-term debt of the City during the year ended June 30, 2013, were as follows:

	Date of Issue	Outstanding 6/30/12	Additions	Retirements	Outstanding 6/30/13
<b>Governmental Activities</b>					
<u>General Obligation Bonds:</u>					
Municipal Roads	4/22/09	\$ 3,737,815	\$ —	\$ (483,983)	\$ 3,253,832
Parks	9/15/11	13,315,000	—	(1,735,000)	11,580,000
Total general obligation bonds		<u>\$ 17,052,815</u>	<u>\$ —</u>	<u>\$ (2,218,983)</u>	<u>\$ 14,833,832</u>
<u>Revenue Bonds:</u>					
Stormwater	7/08/04	<u>\$ 280,238</u>	<u>\$ —</u>	<u>\$ (280,238)</u>	<u>\$ —</u>
<u>Accrued Compensated Absences:</u>		<u>\$ 1,114,977</u>	<u>\$ 854,962</u>	<u>\$ (770,793)</u>	<u>\$ 1,199,146</u>
<b>Business-type Activities</b>					
<u>Contract Payable:</u>					
Myrtle Beach/Grand Strand Water Sales and Purchase Agreement (see Note 8)	09/18/91	<u>\$ 8,253,333</u>	<u>\$ —</u>	<u>\$ (905,000)</u>	<u>\$ 7,348,333</u>
<u>Note Payable:</u>					
Aquatic and fitness center note obligation	11/13/03	<u>\$ 5,846,327</u>	<u>\$ —</u>	<u>\$ (391,547)</u>	<u>\$ 5,454,779</u>
<u>Accrued Compensated Absences:</u>		<u>\$ 368,985</u>	<u>\$ 276,996</u>	<u>\$ (230,627)</u>	<u>\$ 415,354</u>

As stated in *Note 1*, the City's policy is for current period accrual of employee earned compensated absences to be consumed (used) by employees during that fiscal year. Thus, outstanding employee accrued leave values at fiscal year end result in long-term obligations for the City. Due to unknown facts of future employee retirement and termination, the City's present system is unable to determine a current-portion, if any, that would result in usage of the long-term obligations of accrued compensated absences. The City believes that any estimate of a current liability would be not material to the Government-wide financial statements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

D. Annual Requirements for Long-term Debt

The annual debt service requirements to amortize all of the City's long-term debt, except accrued compensated absences, are summarized below:

	Interest Requirements		Principal Requirements		Total Requirements	
	Parks	Roads	Parks	Roads	Parks	Roads
General Obligation Bonds:						
2014 (Due within one year)	\$ 463,200	\$ 106,075	\$ 1,785,000	\$ 499,761	\$ 2,248,200	\$ 605,836
2015	391,800	89,783	1,840,000	516,053	2,231,800	605,836
2016	318,200	72,960	1,900,000	532,876	2,218,200	605,836
2017	242,000	55,588	1,955,000	550,248	2,197,000	605,836
2018	164,000	37,650	2,020,000	568,186	2,184,000	605,836
2019	83,200	19,127	2,080,000	586,708	2,163,200	605,835
	<u>\$ 1,662,400</u>	<u>\$ 381,183</u>	<u>\$ 11,580,000</u>	<u>\$ 3,253,832</u>	<u>\$ 13,242,400</u>	<u>\$ 3,635,015</u>
		<u>Interest Requirements</u>		<u>Principal Requirements</u>		<u>Total Requirements</u>
Contract Payable:						
2014 (Due within one year)		\$ 385,788		\$ 950,000		\$ 1,335,788
2015		335,913		998,333		1,334,246
2016		283,500		1,053,333		1,336,833
2017		228,200		1,110,000		1,338,200
2018		169,925		1,168,333		1,338,258
2019		108,588		1,225,000		1,333,588
2020		44,275		843,334		887,609
		<u>\$ 1,556,189</u>		<u>\$ 7,348,333</u>		<u>\$ 8,904,522</u>
Note Payable:						
2014 (Due within one year)		\$ 212,191		\$ 406,778		\$ 618,969
2015		196,367		422,602		618,969
2016		179,928		439,041		618,969
2017		162,849		456,120		618,969
2018		145,106		473,863		618,969
2019		126,673		492,296		618,969
2020		107,522		511,447		618,969
2021		87,627		531,342		618,969
2022		66,958		552,011		618,969
2023		45,485		573,484		618,969
2024		23,173		595,795		618,968
		<u>\$ 1,353,879</u>		<u>\$ 5,454,779</u>		<u>\$ 6,808,658</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**7. Long-Term Debt (Continued)**

**E. Revenue Bond Requirements**

The ordinance provisions supporting the Stormwater Utility Revenue Bonds and the Water and Sewer System Refunding Revenue Bonds require the maintenance of the following funds:

Gross Revenue Fund – All revenues generated respectively by the Stormwater Utility and the Water and Sewer System are to be deposited in this fund. This revenue is included in the Stormwater Special Revenue Fund and Water and Sewer Enterprise Fund.

Operation and Maintenance Fund – This fund is intended to provide for the payment of expenses incurred in connection with the administration and operation of the system, and such expenses as may be necessary to preserve the system in good repair and working order. These expenses are included in the Stormwater Special Revenue Fund and Water and Sewer Enterprise Fund, respectively.

Debt Service Fund – Transfers from the Gross Revenue Fund are required to meet bond redemptions and interest payments. This account is titled “Bond and Interest Redemption and Cushion Funds” in the Water and Sewer Enterprise Fund and the Stormwater Debt Service Fund, respectively. Additionally, in lieu of making deposits into a Debt Service Reserve Fund, the City has obtained a Debt Service Reserve Surety Bond issued by a third-party guarantor.

Depreciation and Contingent Fund – A transfer from the Gross Revenue Fund is required annually in an amount determined by the City. These funds are to be used for the purposes of restoring depreciated or obsolete items of the system and for contingencies, improvements, betterments and extensions of the system. At June 30, 2013, no amounts have been transferred.

There are a number of limitations and restrictions contained in the respective revenue bond indentures, all of which the City complied at June 30, 2013.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**8. Contracts Payable and Long-term Commitments**

Water Sale and Purchase Agreement

The City is obligated under a Water Sale and Purchase Agreement (the Agreement), whereby the City purchased capacity of eleven (11) million gallons per day in the City of Myrtle Beach, South Carolina (Myrtle Beach) water treatment plant. During 2006, Myrtle Beach assigned all of its rights, title and interest of the contract to Grand Strand Water and Sewer Authority (GSWSA). The City's obligation under the Agreement is to make payments to GSWSA solely from charges for water services. The City does not receive any ownership rights in the water treatment plant under the Agreement and is obligated to make the scheduled payments regardless of actual usage of water from the system. The Agreement expires in 2021 upon the final maturity of the related bonds.

The City's purchase cost incurred, which consists of a pro rata portion of original construction costs incurred by Myrtle Beach, plus refunding and impact fees, has been recorded by the City as an asset ("deferred charge"), net of amortization, in the Water and Sewer Utility Fund. Total purchased costs equaled approximately \$19.6 million.

At year end June 30, 2013, net carrying value of the deferred charge equaled \$5,261,300 with accumulated amortization expense equaling \$14,298,523. For 2013, amortization expense equaled \$654,071. The City's obligation to make payments to GSWSA to retire a pro rata portion of the principal of bonds issued by GSWSA to finance the water treatment plant has been recorded as contracts payable in the Water and Sewer Utility Fund (*see Note 7*). Additionally, the City is obligated to make a monthly payment attributable to its pro rata share of the cost of operating and maintaining the water treatment plant and related booster pumps. Currently estimated annual costs, which will be charged to expense as incurred, are approximately \$1,294,055 plus twenty (20) percent of the annual debt service component. A portion of the annual operating cost paid is deposited into a Renewal and Replacement Fund held by GSWSA to provide for depreciation, contingencies, improvements and extensions of the plant. If at the end of any fiscal year, there shall be on deposit in the Renewal and Replacement Fund an amount in excess of \$1,000,000, the City will be entitled to a reimbursement from GSWSA. Deposits on hand with GSWSA as of June 30, 2013, (\$280,000) have been reported in the Enterprise Fund as part of restricted assets.

During the term of the Agreement, the City covenants that it will maintain rates and charges for its water and sewer system to enable the Water and Sewer Enterprise Fund to maintain the sum of net income, depreciation, amortization and interest at levels equal to at least 120% of total debt service requirements for each year.

Wastewater Treatment Service Agreement

The City is obligated under a Wastewater Treatment Service Agreement with the Grand Strand Water and Sewer Authority (GSWSA), an independent authority whose membership is appointed by elected officials from Horry County, South Carolina, to provide wastewater treatment services for the City. Under the agreement, the City is obligated to pay periodically an amount based on volume usage equal to a pro rata share of GSWSA's cost of wastewater treatment. The term of the agreement expires in the year 2020.

During FY 03-04, the City exercised its option and acquired additional sewer capacity from GSWSA at a cost of approximately \$9.0 million for 3.0 million gallons per day (mgd). The total capacity of the City's wastewater treatment plants is 5.4 mgd. At June 30, 2013, net carrying value equaled \$6,865,594 with accumulated amortization expense equaling \$2,138,463. For 2013, amortization expense equaled \$225,137.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**9. Capital Contributions**

Capacity (system impact) charges, non-operating grants, and other capital contributions have been recognized in the Government-Wide financial statements and in the Proprietary Funds as a change in net position. Capacity (system impact) charges are designed to reimburse the City for cost of providing additional facilities and services made necessary by the impact of new utility users. Capacity charges are recognized when the fees become non-refundable, typically when the construction is completed.

For the Proprietary Fund, a summary of capacity charges recognized, system contributions, and infrastructure deeded to the City from developers during the year ended June 30, 2013, were as follows:

Utility system impact fees	\$ 1,425,044
Deeded infrastructure	—
System contributions by developers	—
Other	16,487
Total capital contributions	<u>\$ 1,441,531</u>

**10. Net position**

Net position of the Government-Wide and Proprietary Fund financial statements represent the difference between assets and liabilities. Reported amounts for investment in capital assets and restricted net position were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b><u>Investment in Capital Assets:</u></b>		
Net capital assets	\$ 86,967,178	\$ 79,895,348
Less, G.O., revenue bonds, and note payable	(15,815,832)	(5,454,779)
Add: Unspent debt proceeds held in restricted assets	5,132,447	—
Total investment in capital assets	<u>\$ 76,283,793</u>	<u>\$ 74,440,569</u>
<b><u>Restricted:</u></b>		
Deposits held by others	\$ 308,949	\$ 281,925
Cash, cash equivalents and equity in pooled cash	9,746,576	3,704,492
Less, liabilities payable from restricted assets	(3,491,560)	(2,200,127)
	<u>\$ 6,563,965</u>	<u>\$ 1,786,290</u>
Restricted net position:		
Insurance reserves and deposits	\$ 308,949	\$ 281,925
Public safety:		
Victims' assistance programs	30,788	—
Drug enforcement programs	388,770	—
Scholarships and memorials	44,843	—
Public works:		
Dredging, stormwater, and shore protection projects	3,246,553	—
Parks and recreation:		
Tourism related	449,899	—
Capital outlay	2,094,163	
Future capacity of utility	—	1,504,365
Total restricted net position	<u>\$ 6,563,965</u>	<u>\$ 1,786,290</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans**

The City presently maintains two defined contribution plans (Money Purchase Retirement Plans #1 and #2) and also participates in the South Carolina Police Officers Retirement System, a cost-sharing multiple-employer public employee retirement system. Detailed disclosures about each of these plans follow:

**Money Purchase Retirement Plans**

**A. Plan Description**

In 1994, the City established a money purchase plan and trust Money Purchase Retirement Plans #1 and #2 to be known as “North Myrtle Beach 401(a) Plan for General Employees and Firefighters”.

The Money Purchase Retirement Plans #1 and #2 are single-employer defined contribution retirement systems administered by the International City Managers’ Association (ICMA) Retirement Corporation. The City is the only non-employee contributor to the plans and maintains authority (through the Mayor and Council) to establish and amend contribution requirements. All employees of the City are covered by the two plans with Plan #2 covering certain administrative personnel and Plan #1 covering the balance of the work force.

The plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined. The benefits a participant will receive depend solely on the amount contributed to the participant’s account, the returns earned on investments of those contributions, and forfeitures of other participants’ benefits that may be allocated to such participant’s account. Contributions made by participants vest immediately and participant loans are permitted.

**B. Basic Provisions**

The City has adopted the Declaration of Trust of the ICMA Retirement Trust. Under terms of the trust, the City (as Trustee), or the Plan Administrator acting as agent for the trustee, shall have the investment powers listed in the Declaration with respect to investment of Trust, except to the extent that the investment of Trust assets is controlled by participants.

The Trust created under the plan shall consist of all the assets of the Plan derived from employer contributions and participant contributions under the plan, plus any income and gains thereon, less any losses, expenses, and distributions to participants and beneficiaries.

Contributions from the City and the City’s employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the retirement plan. The net appreciation (depreciation) in the fair value of investments held by the retirement plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet. Investments in securities (if applicable) are valued at current market prices at June 30, 2013. Investments of the Trust at June 20, 2013, consisted of only mutual fund shares and money market funds (i.e., cash and temporary investments). No investment in any one organization represents 5% or more of the net position available for pension benefits. There are no investments in, loans to, or leases with parties related to the pension plan. At June 30, 2013, separate, GAAP financial reports have not been issued for the Money Purchase Retirement Plans #1 and #2.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

**Money Purchase Retirement Plans (Continued)**

C. Funding Policy

For Plan #1, the City contributes 8% of the employees' gross earnings and each participant is required to contribute 2%. Contributions made by the City are vested 100% after 5 years of full-time employment. For Plan #2, the City and each participant contribute 12% and contributions vest immediately. As of June 30, 2013, the plans' participants equaled 212 employees. The gross payroll for the employees covered by the plans for the year ended June 30, 2013, approximated \$10,608,800. The City's total payroll, without adjustment for accruals, was approximately \$19,063,929. Employer contributions to Plan #1 and Plan #2 for the year ended June 30, 2013, equaled \$840,992 and \$11,568, respectively, and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and #2 for the year ended June 30, 2013, equaled \$204,088 and \$11,568 respectively.

D. Condensed Financial Information

**Combining Statement of Plan Net Position  
June 30, 2013**

	<b>Pension Trust Funds</b>		
	<b>Money Purchase Retirement Plan #1</b>	<b>Money Purchase Retirement Plan #2</b>	<b>Combined Total</b>
<b>Assets</b>			
Cash and temporary investments	\$ 15,278,210	\$ 513,217	\$ 15,791,427
Receivables – Participant loans	1,113,565	—	1,113,565
<b>Total assets</b>	<b>\$ 16,391,775</b>	<b>\$ 513,217</b>	<b>\$ 16,904,992</b>
<b>Net Position</b>			
Held in trust for employee's pension benefits	<b>\$ 16,391,775</b>	<b>\$ 513,217</b>	<b>\$ 16,904,992</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Retirement Plans (Continued)

Money Purchase Retirement Plans (Continued)

Combining Statement of Changes of Plan Net Position  
Year Ended June 30, 2013

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
<b>Additions</b>			
Employer contributions	\$ 840,992	\$ 11,568	\$ 852,560
Employee (member) contributions	204,088	11,568	215,656
Investment income (loss)	1,421,744	60,752	1,482,496
Non-vested rollover	27,430	—	27,430
Total additions	2,494,254	83,888	2,578,142
<b>Deductions</b>			
Benefit payments/loan issuance costs	535,325	41,000	576,325
Trustee fees	15,486	—	15,486
Forfeitures	8,595	—	8,595
Total deductions	559,406	41,000	600,406
Change in net position	1,934,848	42,888	1,977,736
Net position, beginning of year	14,456,927	470,329	14,927,256
Net position, end of year	\$ 16,391,775	\$ 513,217	\$ 16,904,992

South Carolina Police Officers Retirement System

A. Plan Description

The City participates in the South Carolina Police Officers Retirement System (PORS), which is a cost-sharing multi-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board. City police officers and certain other public safety officers are required to participate in and contribute to the PORS as a condition of employment.

The South Carolina Police Officers Retirement System offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws.

A comprehensive annual financial report containing financial statements and required supplementary information for the South Carolina Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, P. O. Box 11960, Columbia, SC 29211-1960.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Retirement Plans (Continued)**

**South Carolina Police Officers Retirement System (Continued)**

B. Funding Policy

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws.

Employees are required to contribute 7.0% of their salary to the Plan. The employee contribution rate increases to 7.84% effective July 1, 2013.

Employers are required to contribute to the Plan at an actuarially determined rate. The rate for the year ended June 30, 2013, was 12.3%. In addition, the City contributes .2% to provide group life insurance and .2% to provide accidental death benefits. The City's contributions to the PORS for the years ending June 30, 2013, 2012 and 2011 were \$793,476, \$774,519 and \$704,161, respectively, equal to the required contributions for each year.

**City of North Myrtle Beach Death, Disability and Retirement Benefit Plan – Terminated**

Prior to FY 95, the City maintained its own self-funded death, disability and retirement plan. The plan was a single-employer, defined benefit pension plan administered by the City, as trustee, with plan assets held by a commercial bank under the terms of a custodial and management agreement with the City. In 1994, the City, via resolution, terminated the plan, which effectively ceased all future participation requirements and benefit accruals. All remaining net position available for benefits (\$121,014 at June 30, 2013) are maintained by a third-party trustee.

All City employees who were actively employed by the City as of June 30, 1994 and whose customary employment was for at least 30 hours per week were eligible and were required to participate in the City's Money Purchase Retirement Plans with all applicable net position of the terminated plan being transferred accordingly.

For those employees who have retired under the terminated plan, or vested employees who had left the City employ prior to plan termination, will receive a comparable level of benefits as defined by the plan and trust agreement, or a negotiated settlement.

**12. Risk Management**

The City is exposed to various risks of loss related to torts-theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial property insurance coverage and general liability coverage for these risks, except as noted below. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

The City participates in the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF), an insurance pool currently operating as a common risk management and insurance program. The pool provides coverage up to \$500,000 for property and liability insurance.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**12. Risk Management (Continued)**

The pool has excess commercial insurance that increases coverage to \$300,000 (per occurrence) for property, \$1 million for liability, \$75 million for boiler and machinery and \$100,000 surety coverage. The City pays an annual premium to SCMIRF for its general insurance coverage. Payments made for the year ended June 30, 2013, were \$432,845.

Effective July 1, 2012, the City changed its health insurance plan for its employees and substantially became a self-funded plan. The City utilizes Blue Cross & Blue Shield of South Carolina to provide for the administration and claims management of providing health insurance coverage to all employees. Claims in excess of \$100,000 (stop-loss provision) are insured by a private carrier selected by Blue Cross & Blue Shield. The City pays claims weekly and transfers cash to the administrator to cover the prior week's actual claims for employees and their covered dependents. With the creation of its Internal Service Fund for accounting and reporting all health insurance activities, premiums are charged the City's departments and all excess reserves are maintained in the Insurance Reserve Internal Service Fund.

The City participates in the South Carolina Municipal Insurance Trust (SCMIT), an insurance pool covering the City's worker's compensation liability program. The City funds the costs by charging premiums to user departments. Claims in excess of \$600,000 (stop-loss provision) are issued by a private carrier selected by the SCMIT. The City made premium payments totaling \$191,828 for the year ended June 30, 2013. The limits of liability for tort actions not specifically exempt by the South Carolina Government Tort Claims Act are \$300,000 per person and \$600,000 per occurrence.

Changes in the aggregate liability are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Unpaid claims at beginning of year	\$ (165,179)	\$ (280,446)	\$ (376,101)
Incurred claims for current and prior year events where the City has retained risk of loss	2,793,967	2,764,020	3,820,233
Payments on claims for current and prior year events where the City has retained risk of loss	<u>(2,715,138)</u>	<u>(2,648,753)</u>	<u>(3,724,578)</u>
(Reserve)/unpaid claims at end of year	<u>\$ (86,350)</u>	<u>\$ (165,179)</u>	<u>\$ (280,446)</u>

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

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**13. Post-Employment Benefits Other Than Pension**

Plan Description

In addition to the pension benefits described in *Note 11*, the City maintains a policy whereby an employee who has 20 years of continuous service with the City will have the opportunity to participate in the City’s single employer defined benefit other post-employment benefit (OPEB) plan, hereafter referred to as “OPEB”, “plan”, or “program”. The plan offers retired employees’ premium payments for the employee group health insurance plan (including dental) at no cost. The City’s policy premium rates were \$6,900 for the retiree and \$2,652 for the spouse for the year ended June 30, 2013. The retiree pays nothing for retiree only coverage and pays the full premium rate of \$2,652, annually, for spouse coverage. The program covers the retired employee until the earlier of (1) the retired employee reaches age 65, or (2) the retired employee qualifies for health insurance under another plan. The City (through the Mayor and Council) currently administers the plan and maintains the authority for establishing benefits and funding policy. The plan does not issue separate stand alone financial statements and is not included in the financial statements of another entity.

Funding Policy

The City’s contributions are financed on a pay-as-you-go basis and therefore, no trust fund has been established which would maintain plan net position held for the benefit of others. At June 30, 2013, the City had 50 retired employees who are covered under this plan, with an average age of 63 years, and monthly premium costs averaging \$459 per participant. Total expenses incurred for this program and paid by the City for the year ended June 30, 2013 were \$199,055 or approximately 21% of the annual required contribution (ARC). For the prior years’ 2012 and 2011, expenses incurred equaled \$162,218 and \$191,982, respectively, or 17% and 14%, respectively of the ARC.

Annual Other Post-Employment Benefit (OPEB) Cost

The annual required contribution (“ARC”) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. For prior-years 2012 and 2011, annual other post-employment benefit (OPEB) costs totaled \$1,076,089 and \$1,422,475, respectively. Due to change in health care programs, the City’s OPEB costs for the current year 2013 totaled \$864,200 with net obligation (liability) equaling \$4,741,833 as follows:

Employer normal costs	\$ 589,158
Amortization of UAL	339,575
Annual required contribution (ARC)	<u>928,733</u>
Interest on net other post-employment benefit (OPEB) obligation	188,874
Adjustment to required annual contribution	<u>(253,407)</u>
Annual other post-employment benefit (OPEB) cost	864,200
Contributions made by City	<u>(334,524)</u>
Increase in net other post-employment benefit (OPEB) obligation	529,676
Net other post-employment benefit (OPEB) obligation – beginning of year	<u>4,212,156</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u><u>\$ 4,741,833</u></u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**13. Post Employment Benefits Other Than Pension (Continued)**

Funded Status and Funding Progress

As stated above, due to the change in the City's healthcare programs, the actuarial accrued liability for benefits totals \$9,856,605, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$19,063,929 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 51.7 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the other post-employment benefit (OPEB) and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of other post-employment benefit (OPEB) assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive program (the program as understood by the City and participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the participants to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued other post-employment benefit (OPEB) liabilities and the actuarial value of other post-employment benefit (OPEB) assets.

In the actuarial valuation dated July 1, 2012 (for the fiscal year June 30, 2013), the "Projected Unit Credit" cost method and the "Dollar Closed" amortization method were used. The unfunded actuarial accrued liability ("UAAL") amortization payment is the fixed (or level) amount required to fully amortize the UAAL over a thirty (30) year period. During FY 2013, the amortization period has been graded to 15 years and is currently 26 years. The actuarial economic assumptions include an estimated investment rate of return of 4.00% (which is the annual return net of both administrative and investment related expenses) and a healthcare inflation rate (medical trend) of 5% annually. The actuarial demographic assumption includes mortality rates based on 1983 GAM, with no termination affect. Vested employees are entitled to benefits same as the City's pension plan: 4% until age 55; 12% from ages 56-60; 20% ages 61-62; 60% at age 63; 25% ages 64; and 100% age 65 or later. Disability has been based on 50% of the 1975 SSA study. Expected average per capita claims cost equaled \$4,031 at July 1, 2012, with retiree policy costs equaling \$8,182. Implied subsidy is calculated at 70.98%.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**14. Contingencies**

Litigation

The City is party to legal proceedings that normally occur in governmental operations. City officials believe the legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

Federal and State Assisted Programs

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds.

Such audits could result in the refund of grant monies to the grantor agencies. However, management believes that any required refunds would be immaterial and no provision has been made in the accompanying financial statements for the refund of grant monies.

**15. Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanations of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The Governmental Fund Balance Sheet includes a reconciliation between total fund balance amounts and the total Net position-Governmental Activities. The details of the reconciled amounts are as follows:

<i>Capital assets in governmental activities are not financial resources and therefore are not reported in the fund financial statements:</i>	
Capital assets	\$ 130,743,416
Less, accumulated depreciation	(43,776,238)
Net amount reported	<u>\$ 86,967,178</u>
 <i>Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the fund financial statements:</i>	
Accrued interest expense	\$ (216,443)
General obligation bonds payable	(15,815,832)
Accrued compensated absences	(1,199,146)
Other Post Employment Benefits (OPEB)	(3,712,804)
Net amount reported	<u>\$ (20,944,225)</u>
 <i>Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are not reported in the fund financial statements. The following represents the Governmental Activities prorata portion (76%) of the Internal Service Fund:</i>	
Equity in pooled cash	\$ 544,563
Restricted cash and cash equivalents	135,240
Claim deposits	6,093
Claim liabilities and payables	(329,057)
Net amount reported	<u>\$ 356,839</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**15. Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**B. Explanations of Differences Between the Governmental Fund Statement of Revenue, Expenditures and Fund Balances and the Government-Wide Statement of Activities**

The Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balance and Changes in Net Position-Governmental Activities. The details of the reconciled amounts are as follows:

*Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period:*

Capital outlay expenditures	\$ 14,439,769
Depreciation expense	(3,972,236)
Net on sale/disposal of asset	(6,056)
Net amount reported	<u>\$ 10,461,477</u>

*Internal service funds are used by management to charge the costs of health insurance programs. The following represents the Governmental Activities prorata portion (76%) of the Internal Service Fund:*

Premiums charged and contributions	\$ 3,050,200
Insurance claims paid and reserves	(3,143,186)
Net amount reported	<u>\$ (92,986)</u>

*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:*

Other Post Employment Benefit (OPEB)	\$ (529,677)
Accrued interest expense – net	(12,916)
Accrued compensated absences payable	(84,169)
Net amount reported	<u>\$ (626,762)</u>

*The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items:*

Principal repayments – G.O. Bonds, revenue bonds and capital lease and transfers to escrow agents and other related costs	\$ 2,826,554
Net amount reported	<u>\$ 2,826,554</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**15. Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

C. Explanations of Differences Between the Proprietary Fund Balance Sheet and the Government-Wide Statement of Net Position

The Proprietary Fund Balance Sheet includes a reconciliation between the total net position amounts and the total Net Position – Business-type Activities. The details of the reconciled amounts are as follows:

*Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are not reported in the fund financial statements. The following represents the Business-type Activities prorata portion (24%) of the Internal Service Fund:*

Equity in pooled cash	\$ 171,967
Restricted cash and cash equivalents	42,707
Claim deposits	1,924
Claim liabilities and payables	(103,912)
Other post-employment benefits payable (OPEB)	(219,329)
Net amount reported	<u>\$ (106,643)</u>

D. Explanations of Differences Between the Proprietary Fund Statement of Revenue, Expenses and changes in Net Position and the Government-Wide Statement of Activities

The Proprietary Fund Statement of Revenue, Expenses and Changes in Net Position includes a reconciliation between net changes in Net Position and Changes in Net Position-Governmental Activities. The details of the reconciled amounts are as follows:

*Internal service funds are used by management to charge the costs of health insurance programs. The following represents the Business-type Activities prorata portion (24%) of the Internal Service Fund:*

Premiums charged and contributions	\$ 963,221
Insurance claims paid and reserves	(992,585)
Net amount reported	<u>\$ (29,364)</u>

**16. Subsequent Events**

Management has evaluated subsequent events which may require disclosure through December 17, 2013.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**17. New and Additional Pronouncements**

The GASB has issued Statement No. 62, *“Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”*. This Statement codifies into GASB accounting and financial reporting standards the “legacy” standards from the private-sector. The requirements of this Statement are effective for financial statements ending June 30, 2013, and did not require any material changes in how the City reports its Enterprise Funds.

The GASB has issued Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”*. This statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. The requirements of this Statement are effective for the City’s financial statements ending June 30, 2013, which the City implemented. As required, the City reclassified its previously reported “net assets” to “net position”. At June 30, 2013, the City does not maintain any deferred outflows and inflows of resources which should be reported as required by GASB Statement No. 63.

The GASB has issued Statement No. 65, *“Items Previously Reported as Assets and Liabilities”*. This statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. The requirements of this Statement are effective for the City’s financial statements for periods beginning after June 30, 2013, and will require the City to restate amounts previously reported as bond issue costs as well as adjust its reporting for certain deferred outflows and inflows of resources as defined.

CITY OF NORTH MYRTLE BEACH

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Actual	Variance Positive (Neg.)	2012
	Budget				Actual
	Original	Final			Actual
<b>Revenue</b>					
Current property taxes	\$ 11,950,000	\$ 11,950,000	\$ 11,408,649	\$ (541,351)	\$ 11,503,785
Delinquent property taxes	260,000	260,000	750,490	490,490	292,495
Licenses and permits	6,963,500	6,963,500	7,500,430	536,930	6,888,599
Fines and forfeitures	495,000	495,000	319,623	(175,377)	409,166
Use of money and property	175,000	175,000	183,657	8,657	161,221
Unrestricted intergovernmental	906,600	906,600	943,614	37,014	920,270
Restricted intergovernmental	100,000	100,000	244,960	144,960	521,592
Sales and service charges	335,500	335,500	411,109	75,609	374,643
Miscellaneous	25,000	25,000	76,178	51,178	909,664
<b>Total revenue</b>	<b>21,210,600</b>	<b>21,210,600</b>	<b>21,838,710</b>	<b>628,110</b>	<b>21,981,435</b>
<b>Expenditures</b>					
<b>General Government Administration</b>					
General services	768,020	768,020	761,173	6,847	704,272
Legislative	121,391	121,391	123,866	(2,475)	126,327
Administrative	163,603	163,603	146,938	16,665	126,793
City Court	437,795	437,795	421,847	15,948	426,352
Legal	199,031	199,031	282,631	(83,600)	237,676
Human resources	434,813	434,813	458,359	(23,546)	443,698
Total	2,124,653	2,124,653	2,194,814	(70,161)	2,065,118
Less, capital outlay	—	—	(83,000)	83,000	—
Net general government administration	2,124,653	2,124,653	2,111,814	12,839	2,065,118
<b>Finance</b>					
Accounting	362,809	362,809	346,558	16,251	334,801
Revenue	441,237	441,237	439,528	1,709	404,938
Total	804,046	804,046	786,086	17,960	739,739
Less, capital outlay	—	—	—	—	—
Net finance	804,046	804,046	786,086	17,960	739,739
<b>Information Services</b>					
Total	530,275	530,275	574,117	(43,842)	531,525
Less, capital outlay	(115,400)	(115,400)	(96,093)	(19,307)	(35,407)
Net information services	414,875	414,875	478,024	(63,149)	496,118
<b>Public Safety</b>					
Administrative	431,696	431,696	358,452	73,244	401,293
Uniform patrol	4,659,468	4,659,468	4,095,547	563,921	4,557,887
Community services	775,457	775,457	831,930	(56,473)	792,698
Detectives	888,648	888,648	919,101	(30,453)	816,998
Communications/Detention	1,135,176	1,135,176	1,158,379	(23,203)	1,075,713
Records	277,077	277,077	253,872	23,205	250,044
Victim's assistance	76,700	76,700	72,361	4,339	69,320
Police training	233,556	233,556	225,264	8,292	229,268
Fire suppression	3,427,820	3,427,820	3,587,683	(159,863)	3,441,173
Fire prevention	315,476	315,476	321,189	(5,713)	284,401
Total	12,221,074	12,221,074	11,823,778	397,296	11,918,795
Less, capital outlay	(312,982)	(312,982)	(203,968)	(109,014)	(266,182)
Net public safety	11,908,092	11,908,092	11,619,810	288,282	11,652,613

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2013			Variance Positive (Neg.)	2012
	Budget		Actual		Actual
	Original	Final			
<b>Expenditures (Continued)</b>					
<b>Planning/Development</b>					
Planning/zoning administration	910,468	910,468	859,572	50,896	849,857
Code enforcement-building	691,527	691,527	677,071	14,456	656,244
Total	1,601,995	1,601,995	1,536,643	65,352	1,506,101
Less, capital outlay	—	—	—	—	—
Net planning/development	1,601,995	1,601,995	1,536,643	65,352	1,506,101
<b>Public Works</b>					
Streets/drainage	2,042,673	2,042,673	2,169,208	(126,535)	2,125,445
Less, capital outlay	—	—	—	—	(30,004)
Net public works	2,042,673	2,042,673	2,169,208	(126,535)	2,095,441
<b>Parks and Recreation</b>					
Recreation administration	301,494	301,494	296,848	4,646	277,316
Athletics	268,958	268,958	336,301	(67,343)	234,525
Programs	724,971	724,971	732,867	(7,896)	744,813
Parks and grounds	1,326,074	1,326,074	1,517,400	(191,326)	1,280,572
Total	2,621,497	2,621,497	2,883,416	(261,919)	2,537,226
Less, capital outlay	(89,500)	(89,500)	(272,334)	(182,834)	(119,092)
Net parks and recreation	2,531,997	2,531,997	2,611,082	(79,085)	2,418,134
<b>Support Services</b>					
Purchasing	125,511	125,511	128,067	(2,556)	163,636
Fleet maintenance	277,051	277,051	280,866	(3,815)	263,290
Custodial services	467,094	467,094	617,925	(150,831)	419,353
Total	869,656	869,656	1,026,858	(157,202)	846,279
Less, capital outlay	(15,000)	(15,000)	(25,768)	(10,768)	(16,502)
Net support services	854,656	854,656	1,001,090	(146,434)	829,777
<b>Debt Service</b>					
Principal retirement	483,983	483,983	483,983	—	654,703
Interest and fiscal charges	121,853	121,853	121,853	—	144,349
Agent fees	20,000	20,000	1,100	18,900	113
Total debt service	625,836	625,836	606,936	18,900	799,165
<b>Capital Outlay</b>	532,882	532,882	681,163	(148,281)	467,187
<b>Total expenditures</b>	<b>23,441,705</b>	<b>23,441,705</b>	<b>23,601,856</b>	<b>(160,151)</b>	<b>23,069,393</b>
Excess (deficiency) of revenue over (under) expenditures	(2,231,105)	(2,231,105)	(1,763,146)	467,959	(1,087,958)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2013		Actual	Variance Positive (Neg.)	2012
	Budget Original	Final			Actual
<b>Other Financing Sources (Uses)</b>					
Transfers in:					
From Accommodations (2%) Tax Fund	704,804	704,804	704,804	—	654,723
From Local (1.5%) Accommodations Tax Fund	1,700,000	1,700,000	1,791,548	91,548	1,761,164
From Local (1%) Hospitality Fee Fund	2,030,000	2,030,000	2,091,898	61,898	2,032,260
Total transfers in	4,434,804	4,434,804	4,588,250	153,446	4,448,147
Transfers (out):					
To Capital Improvement Fund	(1,500,000)	(1,500,000)	(1,500,000)	—	(1,500,000)
To Street Improvement Fund	(650,000)	(650,000)	(650,000)	—	(650,000)
Total Transfers (out)	(2,150,000)	(2,150,000)	(2,150,000)	—	(2,150,000)
Total other financing sources (uses)	2,284,804	2,284,804	2,438,250	153,446	2,298,147
<b>Net change in fund balance</b>	<b>53,699</b>	<b>53,699</b>	<b>675,104</b>	<b>621,405</b>	<b>1,210,189</b>
Fund balance, beginning of year	11,292,778	11,292,778	11,292,778	—	10,082,589
Fund balance, end of year	<u>\$ 11,346,477</u>	<u>\$ 11,346,477</u>	<u>\$ 11,967,882</u>	<u>\$ 621,405</u>	<u>\$ 11,292,778</u>

**Notes to Schedule:**

Budget to Actual Deficits

As needed actual General Fund expenditures were funded by unreserved and reserved fund balances, additional unbudgeted revenue and transfers.

Budgets and Budgetary Accounting

The City follows the procedures described below in establishing the budgetary data reflected in the financial statements:

- By May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures (expenses) and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- By June 30, the budget is legally enacted through passage of an ordinance to set the tax levy (millage) for the fiscal year.
- The City Manager is legally authorized by ordinance to transfer amounts within and between funds; however, any revisions that alter the City-wide total appropriations (total expenditures/expenses), other than transfers, of the approved initial budget must be approved by the City Council.
- The City employs formal budgetary integration as a management control device during the year and legally adopts a budget for the General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Funds, and Enterprise Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is not employed for the Trust and Agency funds.
- Appropriations lapse at the end of each fiscal year.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/01/08	—	\$8,108,305	\$8,108,305	0%	\$18,018,737	45.0%
1/01/10	—	\$8,040,499	\$8,040,499	0%	\$18,899,302	42.5%
7/01/12	—	\$9,856,605	\$9,856,605	0%	\$19,063,929	51.7%

Note: The City obtains biennial valuations for use in the next fiscal year's budget. The next scheduled valuation date is for FY July 1, 2015.

CITY OF NORTH MYRTLE BEACH

## OTHER FINANCIAL INFORMATION

CITY OF NORTH MYRTLE BEACH

COMBINING 'NON-MAJOR' GOVERNMENTAL  
FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total Non-Major Governmental Funds</b>
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ 1,759	\$ 80,226	\$ 2,366,949	\$ 2,448,934
Receivables, net	818,517	—	510,000	1,328,517
Due from other governments	947,575	—	—	947,575
<b>Total assets</b>	<b>\$ 1,767,851</b>	<b>\$ 80,226</b>	<b>\$ 2,876,949</b>	<b>\$ 4,725,026</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 371,474	\$ —	\$ 94,289	\$ 465,763
Due to other funds	946,478	—	—	946,478
<b>Total liabilities</b>	<b>1,317,952</b>	<b>—</b>	<b>94,289</b>	<b>1,412,241</b>
Fund balances:				
Non-spendable	—	—	—	—
Restricted by others	449,899	—	246,553	696,452
Committed by ordinance	—	80,226	454,106	534,332
Assigned by management	—	—	2,082,001	2,082,001
Unassigned	—	—	—	—
<b>Total fund balances</b>	<b>449,899</b>	<b>80,226</b>	<b>2,782,660</b>	<b>3,312,785</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,767,851</b>	<b>\$ 80,226</b>	<b>\$ 2,876,949</b>	<b>\$ 4,725,026</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
 BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
<b>Revenue</b>				
Property taxes	\$ —	\$ 2,203,769	\$ —	\$ 2,203,769
Use of money and property	—		12,295	12,295
Restricted intergovernmental	7,757,661	—	378,226	8,135,887
Sales and service charges	—	—	600	600
Miscellaneous	—	—	208,237	208,237
Total revenue	<u>7,757,661</u>	<u>2,203,769</u>	<u>599,358</u>	<u>10,560,788</u>
<b>Expenditures</b>				
Current:				
Parks and recreation	1,461,699	—	—	1,461,699
Debt Service	—	2,549,030	—	2,549,030
Capital outlay	—	—	3,372,576	3,372,576
Total expenditures	<u>1,461,699</u>	<u>2,549,030</u>	<u>3,372,576</u>	<u>7,383,305</u>
Excess (deficiency) of revenue over (under) expenditures	<u>6,295,962</u>	<u>(345,261)</u>	<u>(2,773,218)</u>	<u>3,177,483</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	281,430	3,050,790	3,332,220
Transfers (out)	(6,129,363)	—	(1,348,283)	(7,477,646)
Total other financing sources (uses)	<u>(6,129,363)</u>	<u>281,430</u>	<u>1,702,507</u>	<u>(4,145,426)</u>
<b>Net change in fund balances</b>	<b>166,599</b>	<b>(63,831)</b>	<b>(1,070,711)</b>	<b>(967,943)</b>
Fund balances, beginning of year	<u>283,300</u>	<u>144,057</u>	<u>3,853,371</u>	<u>4,280,728</u>
Fund balances, end of year	<u>\$ 449,899</u>	<u>\$ 80,226</u>	<u>\$ 2,782,660</u>	<u>\$ 3,312,785</u>

CITY OF NORTH MYRTLE BEACH

INDIVIDUAL FUND  
FINANCIAL STATEMENTS

CITY OF NORTH MYRTLE BEACH

## GENERAL FUND

The General Fund is the major operating fund of the City's governmental activities and is used to account for all financial resources except those required to be accounted for in other funds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
BALANCE SHEET

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,066,100	\$ 3,061,334
Equity in pooled cash and cash equivalents	4,092,336	3,558,507
Deposits held by others	2,397	2,474
Receivables:		
Property taxes	1,113,317	1,198,155
Less, allowance for doubtful accounts	(1,021,030)	(1,069,287)
Franchise fees	676,302	621,313
Grants	609,472	122,623
Other receivables	8,076	42,994
Due from other governments:		
State of South Carolina	192,222	160,173
Due from other funds:		
Accommodations (2%) Tax Fund	127,961	137,172
Local Accommodations (1.5%) Tax Fund	368,367	361,039
Hospitality (1.0%) Fees Fund	266,045	267,871
Aquatic Center Fund	—	50,851
Beach Service Fund	3,081,322	3,061,882
Inventories and prepaid items	250,073	274,416
Restricted assets:		
Cash and cash equivalents:		
Court (bail bond) account	264,661	—
Drug enforcement account	388,770	397,888
Police seizures held	50,268	46,535
Public safety scholarship fund	42,548	42,360
Equity in pooled cash and cash equivalents:		
Bail bond account	—	258,352
Total assets	<u>\$ 13,579,207</u>	<u>\$ 12,596,652</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
BALANCE SHEET

— CONTINUED —

	<u>2013</u>	<u>2012</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 738,171	\$ 443,302
Accrued payroll and withholdings payable	540,899	536,011
Insurance claims payable, net	—	9,088
Due to other governments:		
State of SC – abandoned property	18,125	8,982
Payable from restricted assets:		
Bail bonds	263,862	258,352
Police seizures held	50,268	46,535
Magistrate payable	—	1,604
Total liabilities	<u>1,611,325</u>	<u>1,303,874</u>
Fund Balance:		
Non-spendable	250,073	274,416
Restricted by others	464,401	508,682
Committed by ordinance	392,500	392,500
Assigned by management	—	—
Unassigned	<u>10,860,908</u>	<u>10,117,180</u>
Total fund balance	<u>11,957,882</u>	<u>11,292,778</u>
Total liabilities and fund balance	<u>\$ 13,579,207</u>	<u>\$ 12,596,652</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013  
(With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Revenue</b>				
Current property taxes	\$ 11,950,000	\$ 11,408,649	\$ (541,351)	\$ 11,503,785
Delinquent property taxes:				
Real and personal property	125,000	634,852	509,852	122,104
Penalties	135,000	115,638	(19,362)	170,391
	260,000	750,490	490,490	292,495
Licenses and permits:				
Business licenses	4,550,000	5,099,302	549,302	4,593,270
Business license penalties	50,000	31,967	(18,033)	32,774
Building permits	325,000	392,081	67,081	363,375
Inspection fees	3,500	4,310	810	2,510
Other permits	10,000	15,500	5,500	11,095
Tree bank	—	700	700	—
Franchise fee – electricity	1,420,000	1,364,264	(55,736)	1,306,559
Franchise fee – cable TV	455,000	478,038	23,038	503,828
Franchise fee – telephone	65,000	45,065	(19,935)	—
Franchise fee – gas	85,000	69,203	(15,797)	75,188
	6,963,500	7,500,430	536,930	6,888,599
Fines and forfeitures:				
Fines	750,000	615,716	(134,284)	791,708
Seizures	100,000	5,384	(94,616)	10,527
Improper parking	10,000	2,908	(7,092)	3,774
Victims assistance	60,000	46,957	(13,043)	59,929
Bail Bondsman Fee	—	1,260	1,260	2,331
Less, remittances to State Treasurer	(425,000)	(352,602)	72,398	(459,103)
	495,000	319,623	(175,377)	409,166
Use of money and property:				
Interest on investments	25,000	1,451	(23,549)	7,428
Property rental	150,000	166,462	16,462	153,793
Purchasing card rebate	—	15,744	15,744	—
	175,000	183,657	8,657	161,221
Unrestricted intergovernmental:				
Local government	262,000	297,169	35,169	255,867
Homestead exemption tax	110,000	147,035	37,035	136,609
Business inventory tax	36,600	36,616	16	36,616
Accommodations tax	150,000	181,860	31,860	156,060
Admissions tax	150,000	92,441	(57,559)	151,745
Motor carrier tax	18,000	20,093	2,093	17,035
Alcoholic beverage permit fees	180,000	168,400	(11,600)	166,338
	906,600	943,614	37,014	920,270

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Revenue (Continued)</b>				
Restricted intergovernmental:				
Federal FEMA grant	—	—	—	—
Federal Homeland security/DOJ grants	100,000	169,565	69,565	436,092
State PRT/misc. grants	—	13,435	13,435	3,500
Horry County recreation	—	61,960	61,960	82,000
	<u>100,000</u>	<u>244,960</u>	<u>144,960</u>	<u>521,592</u>
Sales and service charges:				
City codes and ordinances	10,000	7,528	(2,472)	5,706
Fire protection -- contracts	110,000	110,352	352	110,352
Street work	4,000	32,031	28,031	5,499
Beach services franchise	80,000	90,000	10,000	95,000
Recreation fees	95,000	116,365	21,365	105,147
GIS Data	1,500	—	(1,500)	—
NMB Merchandise sales	—	4	4	1,013
Credit Card service charge	—	5,815	5,815	7,249
Memorial	—	—	—	10,000
Miscellaneous	35,000	49,014	14,014	34,677
	<u>335,500</u>	<u>411,109</u>	<u>75,609</u>	<u>374,643</u>
Miscellaneous:				
Insurance reimbursements	25,000	11,585	(13,415)	21,913
Grants from private entities	—	39,811	39,811	37,530
Mayfest sponsorship	—	16,000	16,000	—
PS Scholarship Fund donation	—	188	188	221
Other	—	8,594	8,594	850,000
	<u>25,000</u>	<u>76,178</u>	<u>51,178</u>	<u>909,664</u>
<b>Total revenue</b>	<b><u>21,210,600</u></b>	<b><u>21,838,710</u></b>	<b><u>628,110</u></b>	<b><u>21,981,435</u></b>
<b>Expenditures</b>				
<b>General Government Administration</b>				
General Services:				
Personal services	231,400	205,607	25,793	197,243
Operating expenditures	1,165,000	1,095,344	69,656	1,083,251
Capital expenditure	—	83,000	(83,000)	—
Less, overhead allocation – utility	(628,380)	(622,778)	(5,602)	(576,222)
	<u>768,020</u>	<u>761,173</u>	<u>6,847</u>	<u>704,272</u>
Legislative:				
Personal services	197,382	184,193	13,189	192,961
Operating expenditures	45,400	63,539	(18,139)	59,693
Less, overhead allocation – utility	(121,391)	(123,866)	2,475	(126,327)
	<u>121,391</u>	<u>123,866</u>	<u>(2,475)</u>	<u>126,327</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>General Government Administration (Cont.)</b>				
Administrative:				
Personal services	235,456	226,435	9,021	209,953
Operating expenditures	91,750	67,440	24,310	43,633
Less, overhead allocation – utility	(163,603)	(146,937)	(16,666)	(126,793)
	<u>163,603</u>	<u>146,938</u>	<u>16,665</u>	<u>126,793</u>
City Court:				
Personal services	382,720	384,912	(2,192)	373,522
Operating expenditures	55,075	36,935	18,140	52,830
Capital expenditures	—	—	—	—
	<u>437,795</u>	<u>421,847</u>	<u>15,948</u>	<u>426,352</u>
Legal:				
Personal services	195,836	210,000	(14,164)	207,259
Operating expenditures	202,225	355,262	(153,037)	268,092
Less, overhead allocation – utility	(199,030)	(282,631)	83,601	(237,675)
	<u>199,031</u>	<u>282,631</u>	<u>(83,600)</u>	<u>237,676</u>
Human resources:				
Personal services	682,677	688,012	(5,335)	705,374
Operating expenditures	67,000	102,263	(35,263)	59,623
Less, overhead allocation – utility	(314,864)	(331,916)	17,052	(321,299)
	<u>434,813</u>	<u>458,359</u>	<u>(23,546)</u>	<u>443,698</u>
Total general government administration	2,124,653	2,194,814	(70,161)	2,065,118
Less, total capital outlay	—	(83,000)	83,000	—
<b>Net general government administration</b>	<u>2,124,653</u>	<u>2,111,814</u>	<u>12,839</u>	<u>2,065,118</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

Expenditures (Continued)	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Finance</b>				
Accounting:				
Personal services	616,501	583,743	32,758	562,485
Operating expenditures	139,350	138,241	1,109	135,017
Capital expenditures	—	—	—	—
Less, overhead allocation – utility	(393,042)	(375,426)	17,616	(362,701)
	<u>362,809</u>	<u>346,558</u>	<u>16,251</u>	<u>334,801</u>
Revenue:				
Personal services	404,772	402,724	2,048	375,899
Operating expenditures	36,465	36,804	(339)	29,039
Capital expenditures	—	—	—	—
	<u>441,237</u>	<u>439,528</u>	<u>1,709</u>	<u>404,938</u>
Total finance	804,046	786,086	17,960	739,739
Less, total capital outlay	—	—	—	—
<b>Net finance</b>	<u>804,046</u>	<u>786,086</u>	<u>17,960</u>	<u>739,739</u>
<b>Information Services</b>				
Personal services	562,275	587,571	(25,296)	571,241
Operating services	221,095	289,417	(68,322)	269,637
Capital expenditures	115,400	96,093	19,307	35,407
Less, overhead allocation -- utility	(368,495)	(398,964)	30,469	(344,760)
	<u>530,275</u>	<u>574,117</u>	<u>(43,842)</u>	<u>531,525</u>
Total information services	530,275	574,117	(43,842)	531,525
Less, total capital outlay	(115,400)	(96,093)	19,307	(35,407)
<b>Net information services</b>	<u>414,875</u>	<u>478,024</u>	<u>(63,149)</u>	<u>496,118</u>
<b>Public Safety</b>				
Administrative:				
Personal services	415,821	299,025	116,796	371,672
Operating expenditures	15,875	26,276	(10,401)	29,621
Capital expenditures	—	33,151	(33,151)	—
	<u>431,696</u>	<u>358,452</u>	<u>73,244</u>	<u>401,293</u>
Uniform patrol:				
Personal services	3,986,965	3,454,588	532,377	3,704,091
Operating expenditures	424,521	632,356	(207,835)	658,763
Capital expenditures	247,982	8,603	239,379	195,033
	<u>4,659,468</u>	<u>4,095,547</u>	<u>563,921</u>	<u>4,557,887</u>
Community services:				
Personal services	588,107	535,883	52,224	592,694
Operating expenditures	177,350	221,509	(44,159)	200,004
Capital expenditures	10,000	74,538	(64,538)	—
	<u>775,457</u>	<u>831,930</u>	<u>(56,473)</u>	<u>792,698</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

Expenditures (Continued)	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Public Safety (Cont.)</b>				
Detectives:				
Personal services	793,377	821,028	(27,651)	730,542
Operating expenditures	90,271	85,878	4,393	86,456
Capital expenditures	5,000	12,195	(7,195)	—
	<u>888,648</u>	<u>919,101</u>	<u>(30,453)</u>	<u>816,998</u>
Communications/Detention:				
Personal services	1,109,232	1,082,383	26,849	1,051,412
Operating expenditures	124,655	176,725	(52,070)	91,243
Capital expenditures	—	—	—	26,598
Less, overhead allocation – utility	(98,711)	(100,729)	(2,018)	(93,540)
	<u>1,135,176</u>	<u>1,158,379</u>	<u>(23,203)</u>	<u>1,075,713</u>
Records:				
Personal services	225,413	220,049	5,364	218,935
Operating expenditures	51,664	33,823	17,841	31,109
Capital expenditures	—	—	—	—
	<u>277,077</u>	<u>253,872</u>	<u>23,205</u>	<u>250,044</u>
Victim's Assistance:				
Personal services	68,250	66,635	1,615	65,232
Operating expenditures	8,450	5,726	2,724	4,088
	<u>76,700</u>	<u>72,361</u>	<u>4,339</u>	<u>69,320</u>
Police Training:				
Personal services	216,296	203,703	12,593	211,515
Operating expenditures	17,260	21,561	(4,301)	17,753
	<u>233,556</u>	<u>225,264</u>	<u>8,292</u>	<u>229,268</u>
Fire Suppression/Rescue:				
Personal services	3,084,770	3,164,379	(79,609)	3,055,298
Operating expenditures	293,050	347,823	(54,773)	341,324
Capital expenditures	50,000	75,481	(25,481)	44,551
	<u>3,427,820</u>	<u>3,587,683</u>	<u>(159,863)</u>	<u>3,441,173</u>
Fire Prevention/Inspection:				
Personal services	295,534	292,224	3,310	261,523
Operating expenditures	19,942	28,964	(9,022)	22,878
Capital expenditures	—	—	—	—
	<u>315,476</u>	<u>321,188</u>	<u>(5,712)</u>	<u>284,401</u>
Total Public Safety	12,221,074	11,823,778	397,296	11,918,795
Less, total capital outlay	(312,982)	(203,968)	(109,014)	(266,182)
<b>Net public safety</b>	<u>11,908,092</u>	<u>11,619,810</u>	<u>288,282</u>	<u>11,652,613</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Planning/Development</b>				
Planning/Zoning Administration:				
Personal services	868,018	825,563	42,455	819,475
Operating expenditures	42,450	34,009	8,441	30,382
	<u>910,468</u>	<u>859,572</u>	<u>50,896</u>	<u>849,857</u>
Building:				
Personal services	663,874	660,326	3,548	650,664
Operating expenditures	64,050	52,380	11,670	40,119
Less, overhead allocation – utility	(36,397)	(35,635)	(762)	(34,539)
	<u>691,527</u>	<u>677,071</u>	<u>14,456</u>	<u>656,244</u>
Total Planning/Development	1,601,995	1,536,643	65,352	1,506,101
Less, total capital outlay	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net planning/development</b>	<u>1,601,995</u>	<u>1,536,643</u>	<u>65,352</u>	<u>1,506,101</u>
<b>Public Works</b>				
Streets/Drainage:				
Personal services	1,220,637	1,189,936	30,701	1,196,826
Operating expenditures	1,049,000	1,220,288	(171,288)	1,134,776
Capital expenditures	—	—	—	30,004
Less, overhead allocation – utility	(226,964)	(241,016)	14,052	(236,161)
	<u>2,042,673</u>	<u>2,169,208</u>	<u>(126,535)</u>	<u>2,125,445</u>
Total Public Works	2,042,673	2,169,208	(126,535)	2,125,445
Less, total capital outlay	<u>—</u>	<u>—</u>	<u>—</u>	<u>(30,004)</u>
<b>Net public works</b>	<u>2,042,673</u>	<u>2,169,208</u>	<u>(126,535)</u>	<u>2,095,441</u>
<b>Parks and Recreation</b>				
Recreation Administration:				
Personal services	321,578	323,050	(1,472)	283,888
Operating expenditures	80,414	72,747	7,667	85,866
Capital expenditures	—	—	—	—
Less, overhead allocation – utility	(100,498)	(98,949)	(1,549)	(92,438)
	<u>301,494</u>	<u>296,848</u>	<u>4,646</u>	<u>277,316</u>
Athletics:				
Personal services	91,058	149,573	(58,515)	87,360
Operating expenditures	177,900	186,728	(8,828)	147,165
	<u>268,958</u>	<u>336,301</u>	<u>(67,343)</u>	<u>234,525</u>
Programs:				
Personal services	184,371	229,919	(45,548)	213,084
Operating expenditures	505,600	485,526	20,074	515,603
Capital expenditures	35,000	17,422	17,578	16,126
	<u>724,971</u>	<u>732,867</u>	<u>(7,896)</u>	<u>744,813</u>
Parks and Grounds:				
Personal services	791,674	806,561	(14,887)	778,422
Operating expenditures	479,900	455,927	23,973	399,184
Capital expenditures	54,500	254,912	(200,412)	102,966
	<u>1,326,074</u>	<u>1,517,400</u>	<u>(191,326)</u>	<u>1,280,572</u>
Total Parks and Recreation	2,621,497	2,883,416	(261,919)	2,537,226
Less, total capital outlay	<u>(89,500)</u>	<u>(272,334)</u>	<u>182,834</u>	<u>(119,092)</u>
<b>Net parks and recreation</b>	<u>2,531,997</u>	<u>2,611,082</u>	<u>(79,085)</u>	<u>2,418,134</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>Support Services</b>				
Purchasing:				
Personal services	258,179	263,575	(5,396)	372,227
Operating expenditures	55,600	44,813	10,787	36,864
Capital outlay	—	11,779	(11,779)	—
Less, overhead allocation – utility	(188,268)	(192,100)	(3,832)	(245,455)
	<u>125,511</u>	<u>128,067</u>	<u>(2,556)</u>	<u>163,636</u>
Fleet management:				
Personal services	385,900	361,720	24,180	396,623
Operating expenditures	75,850	106,390	(30,540)	42,194
Less, overhead allocation – utility	(184,699)	(187,244)	(2,545)	(175,527)
	<u>277,051</u>	<u>280,866</u>	<u>(3,815)</u>	<u>263,290</u>
Custodial Services:				
Personnel services	445,078	556,567	(111,489)	377,206
Operating expenses	293,300	426,097	(132,797)	282,667
Capital expenditures	15,000	13,989	1,011	16,502
Less, overhead allocation – utility	(286,284)	(378,728)	(92,444)	(257,022)
	<u>467,094</u>	<u>617,925</u>	<u>(150,831)</u>	<u>419,353</u>
Total Support Services	869,656	1,026,858	(157,202)	846,279
Less, total capital outlay	(15,000)	(25,768)	(10,768)	(16,502)
<b>Net support services</b>	<u>854,656</u>	<u>1,001,090</u>	<u>(146,434)</u>	<u>829,777</u>
<b>Total Departmental Expenditures (net)</b>	<u>22,282,987</u>	<u>22,313,757</u>	<u>(30,770)</u>	<u>21,803,041</u>
<b>Debt Service</b>				
Principal retirement	483,983	483,983	—	654,703
Interest and fiscal charges	121,853	121,853	—	144,349
Agent fees	20,000	1,100	18,900	113
<b>Total debt service</b>	<u>625,836</u>	<u>606,936</u>	<u>18,900</u>	<u>799,165</u>
<b>Capital Outlay</b>	<u>532,882</u>	<u>681,163</u>	<u>(148,281)</u>	<u>467,187</u>
<b>Total expenditures</b>	<u>23,441,705</u>	<u>23,601,856</u>	<u>(160,151)</u>	<u>23,069,393</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,231,105)</u>	<u>(1,763,146)</u>	<u>467,959</u>	<u>(1,087,958)</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

GENERAL FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Other Financing Sources (Uses)</b>				
Transfers in:				
From Accommodations (2%) Tax Fund	704,804	704,804	—	654,723
From Local (1.5%) Accommodations Tax Fund	1,700,000	1,791,548	91,548	1,761,164
From Local (1%) Hospitality Fee Fund	2,030,000	2,091,898	61,898	2,032,260
Total transfers in:	4,434,804	4,588,250	153,446	4,448,147
Transfers (out):				
To Capital Improvement Fund	(1,500,000)	(1,500,000)	—	(1,500,000)
To Street Improvement Fund	(650,000)	(650,000)	—	(650,000)
Total transfers (out)	(2,150,000)	(2,150,000)	—	(2,150,000)
Total other financing sources (uses)	2,284,804	2,438,250	153,446	2,298,147
<b>Net change in fund balance</b>	<b>53,699</b>	<b>675,104</b>	<b>621,405</b>	<b>1,210,189</b>
Fund balance, beginning of year	11,292,778	11,292,778	—	10,082,589
Fund balance, end of year	<u>\$ 11,346,477</u>	<u>\$ 11,967,882</u>	<u>\$ 621,405</u>	<u>\$ 11,292,778</u>

CITY OF NORTH MYRTLE BEACH

## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than sources for major capital projects) that are restricted by law or otherwise restricted for specified purposes.

**Accommodations (2%) Tax:**

To account for the City's share of a 2% State accommodations tax levied on the rental of transient accommodations. Use of the revenue is restricted to the promotion of tourism and tourist related activities.

**Local Accommodations (1.5%) Tax:**

To account for the City's share of a 1.5% local accommodations tax levied on the rental of transient accommodations. Use of the revenue is restricted for the beach, infrastructure and capital purchases.

**Hospitality (1%) Fees:**

To account for the City's share of a 1% tax on amusements and prepared foods. Use of the revenue is restricted for the beach, infrastructure and capital purchases.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2013

	<b>Non-Major Funds</b>			<b>Totals</b>
	<b>State (2%) A-Tax</b>	<b>Local (1.5%) A-Tax</b>	<b>Hospitality (1%) Fee</b>	
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ —	\$ —	\$ 1,759	\$ 1,759
Receivables, net	—	552,472	266,045	818,517
Due from other governments	947,575	—	—	947,575
<b>Total assets</b>	<b>\$ 947,575</b>	<b>\$ 552,472</b>	<b>\$ 267,804</b>	<b>\$ 1,767,851</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 369,715	\$ —	\$ 1,759	\$ 371,474
Due to other funds	127,961	552,472	266,045	946,478
<b>Total liabilities</b>	<b>497,676</b>	<b>552,472</b>	<b>267,804</b>	<b>1,317,952</b>
<b>Fund balances:</b>				
Non-spendable	—	—	—	—
Restricted by others	449,899	—	—	449,899
Committed by ordinance	—	—	—	—
Assigned by management	—	—	—	—
Unassigned	—	—	—	—
<b>Total fund balances</b>	<b>449,899</b>	<b>—</b>	<b>—</b>	<b>449,899</b>
<b>Total liabilities and fund balances</b>	<b>\$ 947,575</b>	<b>\$ 552,472</b>	<b>\$ 267,804</b>	<b>\$ 1,767,851</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2013

	<b>Non-Major Funds</b>			<b>Totals</b>
	<b>State (2%) A-Tax</b>	<b>Local (1.5%) A-Tax</b>	<b>Hospitality (1%) Fee</b>	
<b>Revenue</b>				
Use of money and property	\$ —	\$ —	\$ —	\$ —
Restricted intergovernmental	2,980,351	2,685,412	2,091,898	7,757,661
<b>Total revenue</b>	<u>2,980,351</u>	<u>2,685,412</u>	<u>2,091,898</u>	<u>7,757,661</u>
<b>Expenditures</b>				
Current:				
Parks and recreation – tourism related	1,461,699	—	—	1,461,699
<b>Total expenditures</b>	<u>1,461,699</u>	<u>—</u>	<u>—</u>	<u>1,461,699</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,518,652</u>	<u>2,685,412</u>	<u>2,091,898</u>	<u>6,295,962</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(1,352,053)	(2,685,412)	(2,091,898)	(6,129,363)
<b>Total other financing sources (uses)</b>	<u>(1,352,053)</u>	<u>(2,685,412)</u>	<u>(2,091,898)</u>	<u>(6,129,363)</u>
<b>Net change in fund balances</b>	<b>166,599</b>	<b>—</b>	<b>—</b>	<b>166,599</b>
Fund balances, beginning of year	283,300	—	—	\$ 283,300
<b>Fund balances, end of year</b>	<u><u>\$ 449,899</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 449,899</u></u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX  
BALANCE SHEET

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Due from other governments	\$ 947,575	\$ 773,743
Total assets	<u>\$ 947,575</u>	<u>\$ 773,743</u>
 <b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 369,715	\$ 353,271
Due to General Fund	127,961	137,172
Total liabilities	<u>497,676</u>	<u>490,443</u>
 Fund balance:		
Restricted by others	<u>449,899</u>	<u>283,300</u>
Total liabilities and fund balance	<u>\$ 947,575</u>	<u>\$ 773,743</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

ACCOMMODATIONS (2%) TAX  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013  
(With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 400	\$ —	\$ (400)	\$ 202
Restricted intergovernmental:				
State A-tax revenue	2,351,250	2,980,351	629,101	2,490,129
Total revenue	<u>2,351,650</u>	<u>2,980,351</u>	<u>628,701</u>	<u>2,490,331</u>
<b>Expenditures</b>				
Parks and recreation:				
30% advertising allocation	742,500	941,163	(198,663)	786,356
North Myrtle Beach Chamber	516,236	516,236	—	480,000
Services to other agencies	4,300	4,300	—	8,700
Total expenditures	<u>1,263,036</u>	<u>1,461,699</u>	<u>(198,663)</u>	<u>1,275,056</u>
Excess of revenue over expenditures	<u>1,088,614</u>	<u>1,518,652</u>	<u>430,038</u>	<u>1,215,275</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(704,804)	(704,804)	—	(654,723)
Street Improvement Fund	(64,428)	(248,984)	(184,556)	(53,963)
Beach Renourishment Fund	(16,971)	(16,971)	—	(13,657)
Stormwater Drainage Fund	(23,525)	(23,525)	—	(14,157)
Solid Waste Fund	(134,431)	(134,431)	—	(149,814)
Capital Improvement Fund	(60,108)	(139,391)	(79,283)	—
Beach Service Fund	(83,947)	(83,947)	—	(136,289)
Total other financing sources (uses)	<u>(1,088,214)</u>	<u>(1,352,053)</u>	<u>(263,839)</u>	<u>(1,022,603)</u>
<b>Net change in fund balance</b>	<b>400</b>	<b>166,599</b>	<b>166,199</b>	<b>192,672</b>
Fund balance, beginning of year	<u>283,300</u>	<u>293,300</u>	<u>—</u>	<u>90,628</u>
Fund balance, end of year	<u>\$ 283,700</u>	<u>\$ 449,899</u>	<u>\$ 166,199</u>	<u>\$ 283,300</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX  
BALANCE SHEET

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ 22
Receivables	<u>552,472</u>	<u>541,167</u>
Total assets	<u>\$ 552,472</u>	<u>\$ 541,189</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ —	\$ 22
Due to General Fund	368,367	361,039
Due to Beach Service Fund	<u>184,105</u>	<u>180,128</u>
Total liabilities	<u>552,472</u>	<u>541,189</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 552,472</u>	<u>\$ 541,189</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

LOCAL ACCOMMODATIONS (1.5%) TAX  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013  
 (With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Local A-tax revenue	\$ 2,590,000	\$ 2,681,590	\$ 91,590	\$ 2,634,417
Penalties	4,291	3,822	(469)	4,886
Total revenue	<u>2,594,291</u>	<u>2,685,412</u>	<u>91,121</u>	<u>2,639,303</u>
Excess of revenue over expenditures	<u>2,594,291</u>	<u>2,685,412</u>	<u>91,121</u>	<u>2,639,303</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) –				
General Fund	(1,700,000)	(1,791,548)	(91,548)	(1,761,164)
Beach Service Fund	(355,630)	(384,085)	(28,455)	(325,182)
Aquatic Center Fund	(538,661)	(509,779)	28,882	(552,957)
Total other financing sources (uses)	<u>(2,594,291)</u>	<u>(2,685,412)</u>	<u>(91,121)</u>	<u>(2,639,303)</u>
<b>Net change in fund balance</b>	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1%) FEES  
BALANCE SHEET

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 1,759	\$ —
Receivables	<u>266,045</u>	<u>267,871</u>
Total assets	<u>\$ 267,804</u>	<u>\$ 267,871</u>
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 1,759	\$ —
Due to General Fund	<u>266,045</u>	<u>267,871</u>
Total liabilities	<u>267,804</u>	<u>267,871</u>
Fund balance:		
Restricted by others	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 267,804</u>	<u>\$ 267,871</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

SPECIAL REVENUE FUND

HOSPITALITY (1%) FEES

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Revenue</b>				
Restricted intergovernmental:				
Hospitality fees	\$2,025,000	\$ 2,089,108	\$ 64,108	\$ 2,026,850
Penalties	5,000	2,790	(2,210)	5,410
Total revenue	<u>2,030,000</u>	<u>2,091,898</u>	<u>61,898</u>	<u>2,032,260</u>
Excess of revenue over expenditures	<u>1,975,000</u>	<u>2,091,898</u>	<u>61,898</u>	<u>2,032,260</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out) – General Fund	<u>(2,030,000)</u>	<u>(2,091,898)</u>	<u>(61,898)</u>	<u>(2,032,260)</u>
Total other financing sources (uses)	<u>(2,030,000)</u>	<u>(2,091,898)</u>	<u>(61,898)</u>	<u>(2,032,260)</u>
<b>Net change in fund balance</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF NORTH MYRTLE BEACH

## DEBT SERVICE FUNDS

The Debt Service Funds accounts for the accumulation of financial resources for the payment of interest and principal on certain general long-term debt of the City, other than debt service payments financed by proprietary fund types.

**Stormwater Bonds:**

To account for financial resources to be used for payment of stormwater debt.

**Park Bonds:**

To account for financial resources to be used for payment of park debt.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

STORMWATER BONDS  
BALANCE SHEET

JUNE 30, 2013

(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Total assets	\$ —	\$ —
<b>Liabilities and Fund Balance</b>		
Fund Balance:		
Unassigned	\$ —	\$ —
Total liabilities and fund balance	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

STORMWATER BONDS

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Total revenue	—	—	—	—
<b>Expenditures</b>				
Debt Service:				
Principal	—	279,741	(279,741)	1,106,720
Interest	—	1,689	(1,689)	33,280
Total expenditures	—	281,430	(281,430)	1,140,000
Excess (deficiency) of revenue over (under) expenditures	—	(281,430)	(281,430)	(1,140,000)
<b>Other Financing Sources (Uses)</b>				
Transfers in – Stormwater Drainage Special Revenue Fund	—	281,430	281,430	1,140,000
Total other financing sources (uses)	—	281,430	281,430	1,140,000
<b>Net change in fund balance</b>	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

PARK BONDS  
BALANCE SHEET

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 80,226	\$ 137,999
Receivables, net	—	6,058
Total assets	<u>\$ 80,226</u>	<u>\$ 144,057</u>
<b>Liabilities and Fund Balance</b>		
Fund Balance:		
Committed by ordinance	\$ 80,226	\$ 144,057
Total liabilities and fund balance	<u>\$ 80,226</u>	<u>\$ 144,057</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

DEBT SERVICE FUND

PARK BONDS

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Revenue</b>				
Property taxes:				
Current	\$ —	\$ 2,139,206	\$ 2,139,206	\$ 2,156,960
Delinquent	—	64,563	64,563	—
Use of money and property:				
Interest on investments	—	—	—	1,340
Total revenue	—	2,203,769	2,203,769	2,158,300
<b>Expenditures</b>				
Debt Service:				
Principal	—	1,735,000	(1,735,000)	1,685,000
Interest	—	532,600	(532,600)	268,897
Bond agent fees	—	—	—	60,346
Total expenditures	—	2,267,600	(2,267,600)	2,014,243
<b>Net change in fund balance</b>	—	<b>(63,831)</b>	<b>(63,831)</b>	<b>144,057</b>
Fund balance, beginning of year	144,057	144,057	—	—
Fund balance, end of year	\$ 144,057	\$ 80,226	\$ (63,831)	\$ 144,057

CITY OF NORTH MYRTLE BEACH

## CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities that are not financed by proprietary funds or trust funds.

<b>Capital Improvement:</b>	To account for financial resources to be used for general capital asset acquisitions and replacements.
<b>Street Improvement:</b>	To account for financial resources to be used for paving streets and relocating utilities in the City.
<b>Beach Renourishment:</b>	To account for financial resources to be used for renourishing the beach.
<b>Park Development:</b>	To account for financial resources to be used for land acquisition and development of parks.
<b>Stormwater Drainage:</b>	To account for revenues and expenditures associated with the City's Stormwater management program and drainage improvements.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2013

	Non-Major Funds			Totals	Major Funds	
	Capital Improvement	Street Improvement	Beach Renourishment		Park Development	Stormwater Drainage
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ 973,680	\$ 957,045	\$ 436,224	\$ 2,366,949	\$ 2,296,562	\$ 6,201,682
Receivables, net	—	510,000	—	510,000	—	140,812
Restricted – cash and cash equivalents	—	—	—	—	5,132,447	—
Funds held in escrow	—	—	—	—	300,459	—
<b>Total assets</b>	<b>\$ 973,680</b>	<b>\$ 1,467,045</b>	<b>\$ 436,224</b>	<b>\$ 2,876,949</b>	<b>\$ 7,729,468</b>	<b>\$ 6,342,494</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 3,166	\$ 71,247	\$ 19,876	\$ 94,289	\$ —	\$ 17,877
Payable from restricted assets	—	—	—	—	3,038,284	—
<b>Total liabilities</b>	<b>3,166</b>	<b>71,247</b>	<b>19,876</b>	<b>94,289</b>	<b>3,038,284</b>	<b>17,877</b>
<b>Fund balances:</b>						
Non-spendable	—	—	—	—	—	—
Restricted by others	246,553	—	—	246,553	—	3,000,000
Committed by ordinance	—	454,106	—	454,106	2,094,163	2,323,528
Assigned by management	723,961	941,692	416,348	2,082,001	2,597,021	1,001,089
Unassigned	—	—	—	—	—	—
<b>Total fund balances</b>	<b>970,519</b>	<b>1,395,798</b>	<b>416,348</b>	<b>2,782,660</b>	<b>4,691,184</b>	<b>6,324,617</b>
<b>Total liabilities and fund balances</b>	<b>\$ 973,680</b>	<b>\$ 1,467,045</b>	<b>\$ 436,224</b>	<b>\$ 2,876,949</b>	<b>\$ 7,729,468</b>	<b>\$ 6,342,494</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2013

	Non-Major Funds			Totals	Major Funds	
	Capital Improvement	Street Improvement	Beach Renourishment		Park Development	Stormwater Drainage
<b>Revenue</b>						
Use of money and property	\$ 12,295	\$ —	\$ —	\$ 12,295	\$ 22,150	\$ —
Restricted						
intergovernmental	—	378,226	—	378,226	—	—
Sales and service charges	600	—	—	600	—	2,033,213
Miscellaneous	38,237	170,000	—	208,237	—	—
Total revenue	<u>51,132</u>	<u>548,226</u>	<u>—</u>	<u>599,358</u>	<u>22,150</u>	<u>2,033,213</u>
<b>Expenditures</b>						
Capital outlay:						
General government administration	365,418	—	—	365,418	—	—
Finance	—	—	—	—	—	44,655
Public works	232,925	2,609,895	33,809	2,876,629	—	—
Parks and recreation	130,529	—	—	130,529	9,252,896	729,564
Total expenditures	<u>728,872</u>	<u>2,609,895</u>	<u>33,809</u>	<u>3,372,576</u>	<u>9,252,896</u>	<u>774,219</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(677,740)</u>	<u>(2,061,669)</u>	<u>(33,809)</u>	<u>(2,773,218)</u>	<u>(9,230,746)</u>	<u>1,258,994</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	1,639,391	1,394,428	16,971	3,050,790	1,279,283	23,525
Transfers (out)	(1,348,283)	—	—	(1,348,283)	(495,444)	(281,430)
Total other financing sources (uses)	<u>291,108</u>	<u>1,394,428</u>	<u>16,971</u>	<u>1,702,507</u>	<u>783,839</u>	<u>(257,905)</u>
<b>Net change in fund balances</b>	<b>(386,632)</b>	<b>(667,241)</b>	<b>(16,838)</b>	<b>(1,070,711)</b>	<b>(8,446,907)</b>	<b>1,001,089</b>
Fund balances, beginning of year	1,357,146	2,063,039	433,186	3,853,371	13,138,091	5,323,528
Fund balances, end of year	<u>\$ 970,514</u>	<u>\$ 1,395,798</u>	<u>\$ 416,348</u>	<u>\$2,782,660</u>	<u>\$4,691,184</u>	<u>\$ 6,324,617</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT  
BALANCE SHEET

JUNE 30, 2013

(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 973,680	\$ 1,449,898
Total assets	<u>\$ 973,680</u>	<u>\$ 1,449,898</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 3,166	\$ 92,752
Total liabilities	<u>3,166</u>	<u>92,752</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	246,553	680,770
Committed by ordinance	—	—
Assigned by management	723,961	676,376
Unassigned	—	—
Total fund balance	<u>970,514</u>	<u>1,357,146</u>
Total liabilities and fund balance	<u>\$ 973,680</u>	<u>\$ 1,449,898</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CAPITAL IMPROVEMENT

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 1,892	\$ —	\$ (1,892)	\$ 682
Surplus sales	20,000	12,295	(7,705)	8,215
Sales and services:				
Development fees	—	600	600	360
Other:				
Contributions	—	38,237	38,237	—
Total revenue	<u>21,892</u>	<u>51,132</u>	<u>29,240</u>	<u>9,257</u>
<b>Expenditures</b>				
Capital outlay –				
General government administration:				
Land	—	290,589	(290,589)	19,800
Farmers market	—	11,588	(11,588)	144,397
Animal shelter	—	6,680	(6,680)	69,794
Escod roof	—	—	—	226,800
Phone system	—	28,220	(28,220)	324,726
City Hall parking lot	43,000	28,341	14,659	—
Public works:				
Highway 17 median	110,000	—	110,000	—
Cherry Grove dredging	500,000	232,925	267,075	293,584
Parks and recreation:				
Park renovations/improvements	370,000	130,529	239,471	—
Contingency	1,800,000	—	1,800,000	—
Total expenditures	<u>2,823,000</u>	<u>728,872</u>	<u>2,094,128</u>	<u>1,079,101</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,801,108)</u>	<u>(677,740)</u>	<u>2,123,368</u>	<u>(1,069,844)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	1,500,000	1,500,000	—	1,500,000
Transfers in – Accommodations (2%) Tax Fund	60,108	139,391	79,283	—
Transfers (out) – Park Improvement Fund	—	(1,279,283)	(1,279,283)	—
Transfers (out) – Beach Services Fund	(69,000)	(69,000)	—	—
Total other financing sources (uses)	<u>1,491,108</u>	<u>291,108</u>	<u>(1,200,000)</u>	<u>1,500,000</u>
<b>Net change in fund balance</b>	<b>(1,310,000)</b>	<b>(386,632)</b>	<b>923,368</b>	<b>430,156</b>
Fund balance, beginning of year	1,357,146	1,357,146	—	926,990
Fund balance, end of year	<u>\$ 47,146</u>	<u>\$ 970,514</u>	<u>\$ 923,368</u>	<u>\$ 1,357,146</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT  
BALANCE SHEET

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 957,045	\$ 987,265
Receivables, net	510,000	—
Due from other governments	—	1,075,774
Total assets	<u>\$ 1,467,045</u>	<u>\$ 2,063,039</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 71,247	\$ —
Total liabilities	<u>71,247</u>	<u>—</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	454,106	92,345
Assigned by management	941,692	1,970,694
Unassigned	—	—
Total fund balance	<u>1,395,798</u>	<u>2,063,039</u>
Total liabilities and fund balance	<u>\$ 1,467,045</u>	<u>\$ 2,063,039</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STREET IMPROVEMENT

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 972	\$ —	\$ (972)	\$ 1,390
Restricted intergovernmental:				
Horry County Road Fee	360,000	378,226	18,226	374,443
SCDOT road grants	—	—	—	975,432
Santee Cooper grants	200,000	—	(200,000)	123,849
Miscellaneous – underground utilities	—	170,000	170,000	214,150
Total revenue	<u>560,972</u>	<u>548,226</u>	<u>12,746</u>	<u>1,689,264</u>
<b>Expenditures</b>				
Capital outlay –				
Public works:				
New park entry road	—	1,233,236	(1,233,236)	—
6 <sup>th</sup> Ave intersection improvement	—	253,939	(253,939)	581,290
3 <sup>rd</sup> – 7 <sup>th</sup> Ave underground utilities	—	92,758	(92,758)	287,530
Barefoot Bridge painting	—	69,500	(69,500)	1,344,352
Parking lot – road improvements	—	823,382	(823,382)	—
48 <sup>th</sup> Ave underground utilities	250,000	12,988	237,012	34,141
Resurfacing – roads	285,000	84,628	200,372	702,782
Beach access improvements	100,000	32,611	67,389	—
Sidewalks	150,000	6,853	143,147	89,085
Underground utilities	—	—	—	10,000
Intersection improvements	300,000	—	300,000	95,148
City signs	130,000	—	—	—
Contingency	579,300	—	—	—
Total expenditures	<u>1,794,300</u>	<u>2,609,895</u>	<u>(815,595)</u>	<u>3,144,328</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,233,328)</u>	<u>(2,061,669)</u>	<u>(828,341)</u>	<u>(1,455,064)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in – General Fund	650,000	650,000	—	650,000
Transfers in – Accommodation (2%) Tax Fund	64,428	248,984	184,556	53,963
Transfers in – Park Improvement Fund	—	495,444	495,444	750,497
Total other financing sources (uses)	<u>714,428</u>	<u>1,394,428</u>	<u>680,000</u>	<u>1,454,460</u>
<b>Net change in fund balance</b>	<b>(518,900)</b>	<b>(667,241)</b>	<b>(148,341)</b>	<b>(604)</b>
Fund balance, beginning of year	<u>2,063,039</u>	<u>2,063,039</u>	<u>—</u>	<u>2,063,643</u>
Fund balance, end of year	<u>\$ 1,544,139</u>	<u>\$ 1,395,798</u>	<u>\$ (148,341)</u>	<u>\$ 2,063,039</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT  
BALANCE SHEET

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 436,224	\$ 440,962
Total assets	<u>\$ 436,224</u>	<u>\$ 440,962</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 19,876	\$ 7,776
Total liabilities	<u>19,876</u>	<u>7,776</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	—	—
Assigned by management	416,348	433,186
Unassigned	—	—
Total fund balance	<u>416,348</u>	<u>433,186</u>
Total liabilities and fund balance	<u>\$ 436,224</u>	<u>\$ 440,962</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

BEACH RENOURISHMENT

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 529	\$ —	\$ (529)	\$ 394
Restricted intergovernmental:				
U.S. Army CORPS reimbursement	—	—	—	460,766
<b>Total revenue</b>	<u>529</u>	<u>—</u>	<u>(529)</u>	<u>461,160</u>
<b>Expenditures</b>				
Public works:				
Materials and supplies	50,000	4,196	45,804	19,078
Professional services	25,000	29,613	(4,613)	24,093
<b>Total expenditures</b>	<u>75,000</u>	<u>33,809</u>	<u>41,191</u>	<u>43,171</u>
 Excess (deficiency) of revenue over (under) expenditures	 <u>(74,471)</u>	 <u>(33,809)</u>	 <u>40,662</u>	 <u>417,989</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in – Accommodations (2% )Tax Fund	16,971	16,971	—	13,657
<b>Total other financing sources</b>	<u>16,971</u>	<u>16,971</u>	<u>—</u>	<u>13,657</u>
 <b>Net change in fund balance</b>	 <b>(57,500)</b>	 <b>(16,838)</b>	 <b>40,662</b>	 <b>431,646</b>
Fund balance, beginning of year	433,186	433,186	—	1,540
<b>Fund balance, end of year</b>	<u><b>\$ 375,686</b></u>	<u><b>\$ 416,348</b></u>	<u><b>\$ 40,662</b></u>	<u><b>\$ 433,186</b></u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT  
BALANCE SHEET

JUNE 30, 2013

(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 2,296,562	\$ 1,450,777
Restricted – cash and cash equivalents	5,132,447	11,731,489
Deposits – funds held in escrow	300,459	—
Total assets	<u>\$ 7,729,468</u>	<u>\$ 13,182,266</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Payable from restricted assets:		
Construction payable	\$ 2,057,911	\$ 44,175
Retainage payable	680,373	—
Other	300,000	—
Total liabilities	<u>3,038,284</u>	<u>44,175</u>
Fund Balance:		
Non-spendable	—	—
Restricted by others	—	—
Committed by ordinance	2,094,163	11,687,314
Assigned by management	2,597,021	1,450,777
Unassigned	—	—
Total fund balance	<u>4,691,184</u>	<u>13,138,091</u>
Total liabilities and fund balance	<u>\$ 7,729,468</u>	<u>\$ 13,182,266</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

PARK DEVELOPMENT

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013			2012
	Budget	Actual	Variance Positive (Neg.)	Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 25,000	\$ 22,150	\$ (2,850)	\$ 19,915
Total revenue	25,000	22,150	(2,850)	19,915
<b>Expenditures</b>				
Capital Outlay –				
Parks and recreation:				
Land acquisition	—	—	—	1,945
Park development	12,800,000	9,252,896	3,547,104	308,341
Professional services	—	—	—	31,556
Total expenditures	12,800,000	9,252,896	3,547,104	341,842
Excess (deficiency) of revenue over (under) expenditures	(12,775,000)	(9,230,746)	(3,544,254)	(321,927)
<b>Other Financing Sources (Uses)</b>				
Transfers in – Capital Improvement Fund	—	1,279,283	1,279,283	—
Transfers out – Street Improvement Fund	—	(495,444)	(495,444)	(750,497)
Bond proceeds	—	—	—	16,496,381
Total other financing sources (uses)	—	783,839	783,839	15,745,884
<b>Net change in fund balance</b>	<b>(12,775,000)</b>	<b>(8,446,907)</b>	<b>4,328,093</b>	<b>15,423,957</b>
Fund balance, beginning of year	13,138,091	13,138,091	—	(2,285,866)
Fund balance, end of year	\$ 363,091	\$ 4,691,184	\$ 4,328,093	\$ 13,138,091

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE  
BALANCE SHEET

YEAR ENDED JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Equity in pooled cash and cash equivalents	\$ 6,201,682	\$ 5,195,408
Receivables, net	140,812	128,120
Total assets	<u>\$ 6,342,494</u>	<u>\$ 5,323,528</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 17,877	\$ —
Total liabilities	<u>17,877</u>	<u>—</u>
Fund balance:		
Non-spendable	—	—
Restricted by others	3,000,000	3,000,000
Committed by ordinance	2,323,528	2,237,295
Assigned by management	1,001,089	86,233
Unassigned	—	—
Total fund balance	<u>6,324,617</u>	<u>5,323,528</u>
Total liabilities and fund balance	<u>\$ 6,342,494</u>	<u>\$ 5,323,528</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CAPITAL PROJECTS FUND

STORMWATER DRAINAGE

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Revenue</b>				
Use of money and property:				
Interest on investments	\$ 7,000	\$ —	\$ (7,000)	\$ 6,238
Sales and service charges:				
Stormwater/drainage fees	2,000,500	2,025,577	25,077	2,000,441
Penalties	11,000	8,857	(2,143)	9,320
Less, adjustments/bad debts	—	(1,221)	1,221	—
<b>Total revenue</b>	<u>2,018,500</u>	<u>2,033,213</u>	<u>14,713</u>	<u>2,015,999</u>
<b>Expenditures</b>				
Finance:				
Overhead allocation –				
Accounting	15,117	14,439	678	13,950
Utility billing	30,620	30,216	404	29,436
Public works:				
Overhead allocation –				
Administration	41,982	38,667	3,315	37,564
Streets/drainage	113,482	120,508	(7,026)	118,080
Beach water quality monitoring	77,000	83,216	(6,216)	86,554
Capital outlay:				
Main Street drainage	6,000,000	76,226	5,923,774	26,076
18 <sup>th</sup> Ave. drainage	—	25,460	(25,460)	23,434
Drainage/Ocean out-fall	—	4,708	(4,708)	160,918
Hillside Street drainage basin	1,300,000	380,779	919,221	307,911
<b>Total expenditures</b>	<u>7,578,201</u>	<u>774,219</u>	<u>6,803,982</u>	<u>803,923</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(5,559,701)</u>	<u>1,258,994</u>	<u>6,818,695</u>	<u>1,212,076</u>
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	4,500,000	—	(4,500,000)	—
Transfers in – Accommodations Tax Fund	23,525	23,525	—	14,157
Transfers (out) – Debt Service Fund	—	(281,430)	(281,430)	(1,140,000)
<b>Total other financing sources (uses)</b>	<u>4,523,525</u>	<u>(257,905)</u>	<u>(4,781,430)</u>	<u>(1,125,843)</u>
<b>Net change in fund balance</b>	<b>(1,036,176)</b>	<b>1,001,089</b>	<b>2,037,265</b>	<b>86,233</b>
Fund balance, beginning of year	<u>5,323,528</u>	<u>5,323,528</u>	<u>—</u>	<u>5,237,295</u>
Fund balance, end of year	<u>\$ 4,287,352</u>	<u>\$ 6,324,617</u>	<u>\$ 2,037,265</u>	<u>\$ 5,323,528</u>

CITY OF NORTH MYRTLE BEACH

## ENTERPRISE FUNDS

Enterprise Funds are to be used to account for operations that are financed and operated in a manner similar to private sector businesses where the intent of the governing body is that the costs (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges.

**Water and Sewer Utility:**

To account for all financial resources associated with supplying water and providing sewage services to domestic, business, and industrial customers within the North Myrtle Beach area.

**Solid Waste:**

To account for all revenues and expenses related to the City's solid waste activities.

**Aquatic Center:**

To account for all revenues and expenses related to the operating of the City's aquatic center.

**Beach Service:**

To account for all revenues and expenses related to the operating of the City's beach service activities.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
BALANCE SHEET

JUNE 30, 2013

(With comparative amounts for June 30, 2012)

	2013	2012		2013	2012
<b>Assets</b>			<b>Liabilities and Net Position</b>		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 9,305,009	\$ 7,292,809	Accounts payable-trade	\$ 733,712	\$ 1,229,185
Equity in pooled cash and cash equivalents	3,241,499	4,866,349	Accrued payroll and related taxes	93,278	92,328
Accounts receivable, net	2,023,604	2,087,487	Contracts payable-current portion	950,000	905,000
Inventories	430,989	494,338		<u>1,776,990</u>	<u>2,226,513</u>
Due from other governments	267,957	267,713			
	<u>15,269,058</u>	<u>15,008,696</u>			
Restricted assets:			Current liabilities payable from restricted assets:		
Cash and cash equivalents:			Meter deposits and other	2,156,186	1,944,456
Bond and interest redemption and cushion funds	288	288	Total current liabilities payable from restricted assets	<u>2,156,186</u>	<u>1,944,456</u>
Customer meter deposits	1,944,456	1,944,456	Total current liabilities	<u>3,933,176</u>	<u>4,170,969</u>
Impact fees	1,594,010	1,592,427			
Equity in pooled cash and cash equivalents:			Long-term liabilities:		
Impact fees	123,031	1,154,555	Accrued compensated absences	234,662	210,700
Deposits with the GSWSA	280,000	280,000	Other post-employment benefits (OPEB)	466,608	466,608
Total restricted assets	<u>3,941,785</u>	<u>4,971,726</u>	Contracts payable	6,398,333	7,348,333
Total current assets	<u>19,210,843</u>	<u>19,980,422</u>	Total long-term liabilities	<u>7,099,603</u>	<u>8,025,641</u>
Capital assets:			Total liabilities	<u>11,032,779</u>	<u>12,196,610</u>
Land	706,954	485,905			
Buildings	695,071	668,218	Net Position:		
Water and sewer systems	100,622,068	98,372,110	Investment in capital assets	69,790,888	69,870,402
Automotive equipment	1,104,240	1,104,240	Restricted debt service, capacity and deposits	1,785,599	3,027,270
Maintenance equipment	2,357,379	2,296,998	Unrestricted	18,519,359	17,762,608
Office equipment	1,659,240	1,646,110	Total net position	<u>90,095,846</u>	<u>90,660,280</u>
Construction in progress	1,637,780	2,242,103	Total liabilities and net position	<u>\$ 101,128,625</u>	<u>\$ 102,856,890</u>
Less, accumulated depreciation	<u>108,782,732</u>	<u>106,815,684</u>			
Net capital assets	<u>(38,991,844)</u>	<u>(36,945,282)</u>			
	<u>69,790,888</u>	<u>69,870,402</u>			
Deferred charges:					
Cost of purchased water/sewer rights	28,563,881	28,563,881			
Less, accumulated amortizations	<u>(16,436,987)</u>	<u>(15,557,815)</u>			
Net deferred charges	<u>12,126,894</u>	<u>13,006,066</u>			
Total assets	<u>\$ 101,128,625</u>	<u>\$ 102,856,890</u>			

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013  
 (With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Water usage fees	\$ 7,275,000	\$ 6,950,459	\$ (324,541)	\$ 7,090,131
Sewer usage fees	4,906,000	4,597,447	(308,553)	4,670,480
Water taps	50,000	65,771	15,771	45,427
Sewer taps	20,000	19,300	(700)	22,116
Late payment penalties and service charges	155,000	128,986	(26,014)	129,798
Miscellaneous	2,500	6,118	3,618	131
<b>Total operating revenue</b>	<b>12,408,500</b>	<b>11,768,081</b>	<b>(640,419)</b>	<b>11,958,083</b>
<b>Operating Expenses</b>				
<b>General Government Administration</b>				
Overhead allocation –				
General services	488,740	484,384	4,356	448,173
Legislative	97,112	99,093	(1,981)	101,062
Administrative	130,883	117,550	13,333	101,434
Legal	159,224	226,105	(66,881)	190,141
Personnel	149,935	158,055	(8,120)	152,999
Total general government administration	1,025,894	1,085,187	(59,293)	993,809
<b>Finance</b>				
Overhead allocation –				
Accounting	226,755	216,592	10,163	209,251
Utility billing:				
Personal services	466,222	462,258	3,964	452,284
Operating expenses	146,175	142,071	4,104	136,430
Less overhead allocation	(91,860)	(90,649)	(1,211)	(88,307)
Total finance	747,292	730,272	17,020	709,658
<b>Information Services</b>				
Overhead allocation	269,631	291,924	(22,293)	252,263
<b>Public Safety</b>				
Overhead allocation –				
Communications	61,694	62,955	(1,261)	58,463

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
 BUDGET AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Planning/Development</b>				
Overhead allocation –				
Code enforcement	36,397	35,635	762	34,539
<b>Public Works</b>				
Administrative:				
Personal services	740,035	713,280	26,755	693,198
Operating expenses	99,600	60,490	39,110	58,077
Overhead allocation	(167,927)	(154,669)	(13,258)	(150,255)
	671,708	619,101	52,607	601,020
Wastewater treatment:				
Personal services	463,611	466,603	(2,992)	457,652
Operating expenses	2,080,600	1,145,360	935,240	1,016,787
	2,544,211	1,611,963	932,248	1,474,439
Wells/lifts maintenance:				
Personal services	626,420	627,671	(1,251)	631,336
Operating expenses	1,256,500	866,494	390,006	718,330
	1,882,920	1,494,165	388,755	1,349,666
Construction/maintenance:				
Personal services	1,180,672	1,124,560	56,112	1,131,071
Operating expenses	2,510,400	2,936,969	(426,569)	2,762,688
	3,691,072	4,061,529	(370,457)	3,893,759
Streets/drainage:				
Overhead allocation	113,482	120,508	(7,026)	118,080
Total public works	8,903,393	7,907,266	996,127	7,436,964
<b>Support Services</b>				
Overhead allocation –				
Purchasing	160,028	163,285	(3,257)	208,636
Fleet management	73,879	74,898	(1,019)	70,211
Custodial	188,345	249,163	(60,818)	169,094
Total support services	422,252	487,346	(65,094)	447,941
Depreciation and amortization expense	3,079,171	2,984,758	94,413	2,988,887
<b>Total operating expenses</b>	<b>14,545,724</b>	<b>13,585,343</b>	<b>960,381</b>	<b>12,922,524</b>
Operating income (loss)	(2,137,224)	(1,817,262)	319,962	(964,441)

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

WATER AND SEWER UTILITY  
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
 BUDGET AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	225,000	58,506	(166,494)	86,618
Interest expense	(438,500)	(434,783)	3,717	(481,900)
Bond agent fees	(2,000)	—	2,000	—
Restricted intergovernmental:				
State/C – Funds/FEMA	—	—	—	—
Tower rental and other	185,000	176,674	(8,326)	287,653
Gain (loss) over sale of capital assets	—	10,900	10,900	1,425
Total non-operating revenue (expenses)	<u>(30,500)</u>	<u>(188,703)</u>	<u>(158,203)</u>	<u>(106,204)</u>
<b>Capital Contributions</b>				
Impact fees:				
Water	600,000	804,429	204,429	620,604
Sewer	400,000	620,615	220,615	511,455
Developer contributions	—	—	—	6,132
Construction for public use	50,000	16,487	(33,513)	12,829
Total capital contributions	<u>1,050,000</u>	<u>1,441,531</u>	<u>391,531</u>	<u>1,151,020</u>
<b>Change in net position</b>	<b>(1,117,724)</b>	<b>(564,434)</b>	<b>553,290</b>	<b>80,375</b>
Net position, beginning of year	<u>90,660,280</u>	<u>90,660,280</u>	<u>—</u>	<u>90,579,905</u>
Net position, end of year	<u>\$ 89,542,556</u>	<u>\$ 90,095,846</u>	<u>\$ 553,290</u>	<u>\$ 90,660,280</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE  
BALANCE SHEET

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 809,105	\$ 72,847
Accounts receivable, net	290,322	253,399
Total current assets	<u>1,099,427</u>	<u>326,246</u>
Capital assets:		
Buildings	313,200	313,200
Improvements	32,262	32,262
Vehicles and equipment	5,579,756	5,872,137
	<u>5,925,218</u>	<u>6,217,599</u>
Less, accumulated depreciation	(4,503,850)	(4,424,232)
Net capital assets	<u>1,421,368</u>	<u>1,793,367</u>
Total assets	<u>\$ 2,520,795</u>	<u>\$ 2,119,613</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 105,846	\$ 61,572
Accrued payroll and related taxes	53,976	52,478
Total current liabilities	<u>159,822</u>	<u>114,050</u>
Long-term liabilities:		
Accrued compensated absences	141,324	121,858
Other post-employment benefits (OPEB)	247,028	247,028
Total long-term liabilities	<u>388,352</u>	<u>368,886</u>
Total liabilities	<u>548,174</u>	<u>482,936</u>
Net position:		
Investment in capital assets	1,421,368	1,793,367
Unrestricted (deficit)	551,253	(156,690)
Total net position	<u>1,972,621</u>	<u>1,636,677</u>
Total liabilities and net position	<u>\$ 2,520,795</u>	<u>\$ 2,119,613</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Solid waste user fees and penalties	\$ 4,000,000	\$ 4,050,678	\$ 50,678	\$ 3,978,960
Trash bags	12,000	7,037	(4,963)	10,020
<b>Total operating revenue</b>	<b>4,012,000</b>	<b>4,057,715</b>	<b>45,715</b>	<b>3,988,980</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	83,784	83,037	747	76,830
Legislative	14,567	14,864	(297)	15,159
Administration	19,632	17,633	1,999	15,215
Legal	23,884	33,916	(10,032)	28,521
Personnel	59,974	63,222	(3,248)	61,200
Total general government administration	201,841	212,672	(10,831)	196,925
<b>Finance</b>				
Overhead allocation –				
Accounting	45,351	43,318	2,033	41,850
Utility billings	61,240	60,433	807	58,871
Total finance	106,591	103,751	2,840	100,721
<b>Information Services</b>				
Overhead allocation	53,926	58,385	(4,459)	50,453
<b>Public works</b>				
Administration – overhead allocation	125,945	116,002	9,943	112,691
Commercial collection:				
Personal services	275,996	270,436	5,560	263,474
Operating	142,300	124,756	17,544	104,218
	418,296	395,192	23,104	367,692
Transfer station:				
Personal services	192,473	189,332	3,141	187,050
Operating	573,200	526,770	46,430	523,575
	765,673	716,102	49,571	710,625
Residential collection:				
Personal services	711,468	658,192	53,276	635,817
Operating	164,000	187,153	(23,153)	257,504
	875,468	845,345	30,123	893,321

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

SOLID WASTE  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
BUDGET AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public works (Continued)</b>				
Trash/litter collections:				
Personal services	203,791	191,072	12,719	182,744
Operating	61,900	69,246	(7,346)	64,128
	<u>265,691</u>	<u>260,318</u>	<u>5,373</u>	<u>246,872</u>
Beach cleaning:				
Personal services	159,653	128,468	31,185	131,742
Operating	70,900	91,319	(20,419)	71,691
	<u>230,553</u>	<u>219,787</u>	<u>10,766</u>	<u>203,433</u>
Recycling:				
Personal services	221,277	213,671	7,606	217,554
Operating	100,300	176,535	(76,235)	71,091
	<u>321,577</u>	<u>390,206</u>	<u>(68,629)</u>	<u>288,645</u>
Total public works	<u>3,003,203</u>	<u>2,942,952</u>	<u>60,251</u>	<u>2,823,279</u>
<b>Support services</b>				
Overhead allocation –				
Purchasing	12,551	12,806	(255)	16,364
Fleet management	92,350	93,622	(1,272)	87,763
Custodial	30,135	39,866	(9,731)	27,055
Total support services	<u>135,036</u>	<u>146,294</u>	<u>(11,258)</u>	<u>131,182</u>
Depreciation and amortization	<u>410,000</u>	<u>400,426</u>	<u>9,574</u>	<u>406,410</u>
<b>Total operating expenses</b>	<u><b>3,910,597</b></u>	<u><b>3,864,480</b></u>	<u><b>46,117</b></u>	<u><b>3,708,970</b></u>
Operating income (loss)	<u>101,403</u>	<u>193,235</u>	<u>91,832</u>	<u>280,010</u>
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	—	—	—	78
Gain on sale/disposal of capital assets	—	6,199	6,199	—
Insurance proceeds	—	2,079	2,079	—
Restricted governmental:				
Grant – SCDHEC	—	—	—	4,000
Total non-operating revenue (expenses)	<u>—</u>	<u>8,278</u>	<u>8,278</u>	<u>4,078</u>
<b>Transfers</b>				
Transfer in – Accommodations (2%) Tax Fund	<u>134,431</u>	<u>134,431</u>	<u>—</u>	<u>149,814</u>
<b>Change in net position</b>	<u><b>235,834</b></u>	<u><b>335,944</b></u>	<u><b>100,110</b></u>	<u><b>433,902</b></u>
Net position, beginning of year	<u>1,636,677</u>	<u>1,636,677</u>	<u>—</u>	<u>1,202,775</u>
Net position, end of year	<u>\$ 1,872,511</u>	<u>\$ 1,972,621</u>	<u>\$ 100,110</u>	<u>\$ 1,636,677</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER  
BALANCE SHEET

JUNE 30, 2013

(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 400
Equity in pooled cash	12,450	—
Accounts receivable	15,901	12,977
Total current assets	<u>28,751</u>	<u>13,377</u>
Capital assets:		
Buildings	9,700,878	9,700,878
Improvements	89,203	89,203
Furniture and equipment	762,561	716,751
	<u>10,552,642</u>	<u>10,506,832</u>
Less, accumulated depreciation	(2,436,976)	(2,157,396)
Net capital assets	<u>8,115,666</u>	<u>8,349,436</u>
Deferred charges:		
Debt issuance costs	68,721	68,721
Less, accumulated amortization	(32,643)	(29,206)
Total deferred charges	<u>36,078</u>	<u>39,515</u>
Total assets	<u>\$ 8,180,495</u>	<u>\$ 8,402,328</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 46,867	\$ 35,064
Accrued payroll and related taxes	31,440	29,365
Due to General Fund	—	50,851
Accrued interest payable	133,128	142,684
Current portion of note obligation	406,778	391,547
Unearned revenue	260,532	247,231
Total current liabilities	<u>878,745</u>	<u>896,742</u>
Long-term liabilities:		
Accrued compensated absences	39,368	36,426
Note payable	5,048,001	5,454,780
Other post-employment benefits (OPEB)	96,064	96,064
Total long-term liabilities	<u>5,183,433</u>	<u>5,587,270</u>
Total liabilities	<u>6,062,178</u>	<u>6,484,012</u>
Net position:		
Investment in capital assets	2,660,887	2,503,110
Unrestricted (deficit)	(542,570)	(584,794)
Total net position	<u>2,118,317</u>	<u>1,918,316</u>
Total liabilities and net position	<u>\$ 8,180,495</u>	<u>\$ 8,402,328</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Variance	2012
	Budget	Actual	Positive (Neg.)	Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Membership fees	\$ 1,332,000	\$ 1,312,930	\$ (19,070)	\$ 1,300,261
Day membership fees	60,000	58,765	(1,235)	51,765
Employee membership fees	123,000	114,833	(8,167)	123,841
Enrollment fees	45,000	57,285	12,285	49,486
Program fees	272,000	290,856	18,856	251,752
Merchandise sales	6,400	5,662	(738)	4,629
Food sales	31,600	30,204	(1,396)	32,633
Miscellaneous	1,000	(2,075)	(3,075)	7,791
<b>Total operating revenue</b>	<b>1,871,000</b>	<b>1,868,460</b>	<b>(2,540)</b>	<b>1,822,158</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	27,928	27,679	249	25,610
Legislative	4,856	4,955	(99)	5,053
Administration	6,544	5,877	667	5,072
Legal	7,961	11,305	(3,344)	9,507
Personnel	29,987	31,611	(1,624)	30,600
Total general government administration	77,276	81,427	(4,151)	75,842
<b>Finance</b>				
Overhead allocation	30,234	28,879	1,355	27,900
<b>Information Services</b>				
Overhead allocation	17,975	19,462	(1,487)	16,818
<b>Parks and Recreation</b>				
Overhead allocation –				
Recreation administration	20,100	19,790	310	18,488
Aquatic:				
Personnel services	949,051	932,241	16,810	940,295
Operations and maintenance	574,218	535,934	38,284	532,741
Total parks and recreation	1,543,369	1,487,965	55,404	1,491,524
<b>Support Services</b>				
Overhead allocation –				
Purchasing	12,551	12,807	(256)	16,364
Custodial	30,135	39,866	(9,731)	27,055
Total support services	42,686	52,673	(9,987)	43,419
Depreciation and amortization	286,818	295,150	(8,332)	287,915
<b>Total operating expenses</b>	<b>1,998,358</b>	<b>1,965,556</b>	<b>32,802</b>	<b>1,943,418</b>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

AQUATIC CENTER

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
BUDGET AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
Operating income (loss)	(127,358)	(97,096)	30,262	(121,260)
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	—	—	—	83
Non-operating program fees and other	10,000	6,220	(3,780)	5,829
Gain on sale/disposal of capital assets	—	2,400	2,400	—
Amortization of debt issuance costs	(3,436)	(3,436)	—	(3,436)
Interest expense	(217,866)	(217,866)	—	(234,173)
Total non-operating revenue (expenses)	(211,302)	(212,682)	(1,380)	(231,697)
<b>Transfers</b>				
Transfers in:				
Local Accommodations (1.5%) Tax Fund	538,661	509,779	(28,882)	552,957
Total transfers	538,661	509,779	(28,882)	552,957
<b>Change in net position</b>	<b>200,001</b>	<b>200,001</b>	<b>—</b>	<b>200,000</b>
Net position, beginning of year	1,918,316	1,918,316	—	1,718,316
Net position, end of year	<u>\$ 2,118,317</u>	<u>\$ 2,118,317</u>	<u>\$ —</u>	<u>\$ 1,918,316</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE  
BALANCE SHEET

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,607	\$ 6,601
Receivables, net	62,342	48,971
Due from Local Accommodations (1.5%) Fund	184,105	180,128
Inventories	5,368	1,188
Total current assets	<u>258,422</u>	<u>236,888</u>
Capital assets:		
Buildings	413,148	413,148
Furniture and equipment	1,264,122	1,150,927
	<u>1,677,270</u>	<u>1,564,075</u>
Less, accumulated depreciation	(1,109,844)	(1,036,588)
Net capital assets	<u>567,426</u>	<u>527,487</u>
Total assets	<u>\$ 825,848</u>	<u>\$ 764,375</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 54,062	\$ 53,532
Accrued payroll and related taxes	147,382	165,550
Due to General Fund	3,081,322	3,061,882
Total current liabilities	<u>3,282,766</u>	<u>3,280,964</u>
Net position:		
Investment in capital assets	567,426	527,487
Unrestricted (deficit)	(3,024,344)	(3,044,076)
Total net position	<u>(2,456,918)</u>	<u>(2,516,589)</u>
Total liabilities and net position	<u>\$ 825,848</u>	<u>\$ 764,375</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Variance	2012
	Budget	Actual	Positive (Neg.)	Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Beach service rentals	\$ 1,225,000	\$ 1,213,930	\$ (11,070)	\$ 1,225,843
Water slide fees	125,000	75,633	(49,367)	119,979
Food and beverage sales	435,000	382,298	(52,702)	409,377
Less, sales tax/hospitality fees	(145,000)	(128,901)	16,099	(136,253)
Miscellaneous	—	9,710	9,710	10,766
<b>Total operating revenue</b>	<b>1,640,000</b>	<b>1,552,670</b>	<b>(87,330)</b>	<b>1,629,712</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Overhead allocation –				
General services	27,928	27,679	249	25,610
Legislative	4,856	4,955	(99)	5,053
Administration	6,544	5,877	667	5,072
Legal	7,961	11,305	(3,344)	9,507
Personnel	74,968	79,027	(4,059)	76,500
<b>Total general government administration</b>	<b>122,257</b>	<b>128,843</b>	<b>(6,586)</b>	<b>121,742</b>
<b>Finance</b>				
Overhead allocation	75,585	72,197	3,388	69,750
<b>Information Services</b>				
Overhead allocation	26,963	29,192	(2,229)	25,226
<b>Public safety</b>				
Overhead allocation –				
Community service	37,017	37,773	(756)	35,078
Lifeguard services:				
Personnel services	554,000	650,190	(96,190)	579,857
Operations and maintenance	29,384	82,923	(53,539)	66,561
<b>Total public safety</b>	<b>620,401</b>	<b>770,886</b>	<b>(150,485)</b>	<b>681,496</b>
<b>Parks and recreation</b>				
Overhead allocation –				
Recreation administration	80,398	79,160	1,238	73,951
Concessions:				
Personnel services	528,571	496,554	32,017	529,898
Operations and maintenance	220,423	252,199	(31,776)	223,773
<b>Total parks and recreation</b>	<b>829,392</b>	<b>827,913</b>	<b>1,479</b>	<b>827,622</b>

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ENTERPRISE FUND

BEACH SERVICE  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
BUDGET AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Overhead allocation -				
Purchasing	3,138	3,202	(64)	4,091
Fleet	18,470	18,724	(254)	17,553
Custodian	37,669	49,833	(12,164)	33,819
Total support services	<u>59,277</u>	<u>71,759</u>	<u>(12,482)</u>	<u>55,463</u>
Depreciation and amortization	130,000	141,099	(11,099)	178,424
<b>Total operating expenses</b>	<u>1,863,875</u>	<u>2,041,889</u>	<u>(178,014)</u>	<u>1,959,723</u>
Operating income (loss)	<u>(223,875)</u>	<u>(489,219)</u>	<u>265,344</u>	<u>(330,011)</u>
<b>Non-operating Revenue (Expenses)</b>				
Sponsorships and donations	—	3,966	(3,966)	4,664
Gain on sale/disposal capital assets	—	7,892	(7,892)	2,523
Total non-operating revenue (expenses)	<u>—</u>	<u>11,858</u>	<u>(11,858)</u>	<u>7,187</u>
<b>Transfers</b>				
Transfers in (out):				
Capital Improvement Fund	69,000	69,000	—	—
Accommodations (2%) Tax Fund	83,947	83,947	—	136,289
Local accommodations (1.5%) Tax Fund	355,630	384,085	(28,455)	325,182
Total transfers	<u>508,577</u>	<u>537,032</u>	<u>(28,455)</u>	<u>461,471</u>
<b>Change in net position</b>	<b>284,702</b>	<b>59,671</b>	<b>225,031</b>	<b>138,647</b>
Net position, beginning of year	<u>(2,516,589)</u>	<u>(2,516,589)</u>	<u>—</u>	<u>(2,655,236)</u>
Net position, end of year	<u>\$ (2,231,887)</u>	<u>\$ (2,456,918)</u>	<u>\$ 225,031</u>	<u>\$ (2,516,589)</u>

## INTERNAL SERVICE FUNDS

Internal Service Funds are to be used to account for and report activity that provides goods and services to other funds and departments of the City on a cost-reimbursement basis.

**Insurance Reserves:**

To account for all revenues and expenses related to operating the City's risk financing activities of employee and retiree/non-employee health insurance.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES  
BALANCE SHEET

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 716,530	\$ 756,065
Restricted cash and cash equivalents:		
HRA custodial account	177,947	122,460
Deposits and prepaid items	8,017	6,758
Total assets	<u>\$ 902,494</u>	<u>\$ 885,283</u>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 5,875	\$ 1,903
Claims payable	244,008	165,179
Liabilities payable from restricted assets:		
Health reimbursement accounts payable	183,087	126,326
Total current liabilities	<u>432,970</u>	<u>293,408</u>
Long-term liabilities:		
Accrued post-employment benefits (OPEB) expenses	913,871	913,871
Total liabilities	<u>1,346,841</u>	<u>1,207,279</u>
Net position:		
Restricted for health insurance claims	2,877	—
Unrestricted (deficit)	<u>(447,224)</u>	<u>(321,996)</u>
Total net position	<u>(444,347)</u>	<u>(321,996)</u>
Total liabilities and net position	<u>\$ 902,494</u>	<u>\$ 885,283</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

(With comparative actual amounts for June 30, 2012)

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Operating Revenue</b>				
Sales and service charges:				
Health premiums –				
Employee charges	\$ 3,230,880	\$ 2,850,754	\$ (380,126)	\$ 2,798,869
Dependent withholdings	598,920	529,713	(69,207)	583,632
Retiree/non-employee contributions	60,161	64,987	4,826	218,724
Cobra/non-employee contributions	159,822	204,943	45,121	—
Reinsurance reimbursements	—	264,119	264,119	675
<b>Total operating revenue</b>	<b>4,049,783</b>	<b>3,914,516</b>	<b>(135,267)</b>	<b>3,601,900</b>
<b>Operating Expenses</b>				
<b>General government administration</b>				
Non-employee health expenses –				
Misc. aggregate premium	31,611	33,356	(1,745)	—
Dependents	974,765	1,346,601	(371,836)	—
Cobra	3,872	194,070	(190,198)	—
Retirees	172,569	404,523	(231,954)	—
	1,182,817	1,978,550	(795,733)	1,275,190
Employee health expenses –				
General services	6,387	5,592	795	6,908
Legislative	6,646	3,608	3,038	7,188
Administration	73,725	19,871	53,854	79,743
Legal	11,418	6,590	4,828	12,350
Personnel	65,263	102,409	(37,146)	70,591
	163,439	138,070	25,369	176,780
<b>Total general government administration</b>	<b>1,346,256</b>	<b>2,116,620</b>	<b>(770,364)</b>	<b>1,451,970</b>
<b>Finance</b>				
Employee health expenses	188,994	139,630	49,364	204,421
<b>Information Services</b>				
Employee health expenses	30,416	22,699	7,717	32,899

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
BUDGET AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Public safety</b>				
Employee health expenses –				
Administration	29,606	17,637	11,969	32,023
Uniform patrol	310,272	200,922	109,350	335,599
Community service	55,395	24,292	31,103	59,917
Detectives	51,446	89,814	(38,368)	55,646
Communications/detention	106,476	93,120	13,356	115,167
Records	27,415	11,410	16,005	29,653
Victims assistance	4,424	2,959	1,465	4,785
Police training	13,170	9,608	3,562	14,245
Fire/rescue	268,673	188,621	80,052	290,606
Fire prevention/inspection	38,982	157,394	(118,412)	42,165
Total public safety	905,859	795,777	110,082	979,806
<b>Public Works</b>				
Employee health expenses –				
Streets/drainage	198,754	74,834	123,920	214,979
Water and sewer	372,312	315,824	56,488	402,710
Solid waste	228,785	163,137	65,648	247,461
Total public works	799,851	553,795	246,056	865,150
<b>Planning/Development</b>				
Employee health expenses –				
Administration	54,053	44,995	9,058	58,466
Building	185,459	51,202	134,257	200,598
Total planning/development	239,512	96,197	143,315	259,064
<b>Parks and recreation</b>				
Employee health expenses –				
Recreation administration	95,325	200,102	(104,777)	103,106
Athletics	4,285	4,712	(427)	4,635
Programs	9,246	5,746	3,500	10,000
Parks and grounds	77,647	61,312	16,335	83,986
Aquatic center	49,743	32,640	17,103	53,803
Total parks and recreation	236,246	304,512	(68,266)	255,530

— CONTINUED —

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

INTERNAL SERVICE FUND

INSURANCE RESERVES  
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION –  
BUDGET AND ACTUAL

— CONTINUED —

	2013		Variance Positive (Neg.)	2012
	Budget	Actual		Actual
<b>Operating Expenses (Continued)</b>				
<b>Support services</b>				
Employee health expenses –				
Purchasing	29,738	30,857	(1,119)	32,165
Fleet	37,952	20,263	17,689	41,051
Custodian	92,632	55,422	37,210	100,194
Total support services	160,322	106,542	53,780	173,410
<b>Total operating expenses</b>	<b>3,907,456</b>	<b>4,135,772</b>	<b>(228,316)</b>	<b>4,222,250</b>
Operating income (loss)	142,327	(221,256)	(363,583)	(620,350)
<b>Non-operating Revenue (Expenses)</b>				
Interest earned on investments	1,000	(137)	(1,137)	319
Sponsorships and donations – Wellness programs	53,108	54,312	1,204	49,808
SCLGAG deposits/runoffs	41,000	44,730	3,730	248,227
Total non-operating revenue (expenses)	95,108	98,905	3,797	298,354
<b>Change in net position</b>	<b>237,435</b>	<b>(122,351)</b>	<b>(359,786)</b>	<b>(321,996)</b>
Net position, beginning of year	(321,996)	(321,996)	—	—
Net position, end of year	\$ (84,561)	\$ (444,347)	\$ (359,786)	\$ (321,996)

CITY OF NORTH MYRTLE BEACH

## FIDUCIARY FUNDS

Fiduciary Funds are trust and agency funds used to account for assets received and held by the City acting in the capacity of an agent or custodian. The City maintains the following trust and agency funds:

### **Pension Trust Funds**

Money Purchase Pension Plan #1: To account for assets received and disbursed by the City as trustee in conjunction with the City of North Myrtle Beach 401(a) Plan for general employees and firefighters.

Money Purchase Pension Plan #2: To account for assets received and disbursed by the City as trustee in conjunction with the City of North Myrtle Beach 401(a) Plan for certain administrative employees.

### **Agency Fund**

Firemen's Fund: To account for the accumulation of resources derived primarily from 1% of the premiums of foreign insurance companies, received from the state under Section 38-57-10 through 38-57-210 of the Code of Laws of South Carolina and to be expended for the sole benefit of the City's firemen.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PENSION TRUST FUNDS – MONEY PURCHASE PENSION PLAN #1  
STATEMENT OF NET POSITION

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Cash and temporary investments	\$ 15,278,210	\$ 13,472,230
Participant loans	1,113,565	984,697
Total assets	\$ 16,391,775	\$ 14,456,927
<b>Net Position</b>		
Held in trust for employee’s pension benefits	\$ 16,391,775	\$ 14,456,927

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PENSION TRUST FUNDS – MONEY PURCHASE PENSION PLAN #1  
STATEMENT OF CHANGES IN PLAN NET POSITION

YEAR ENDED JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	2013	2012
<b>Additions</b>		
Employer contributions	\$ 840,992	\$ 830,788
Employee (member) contributions	204,088	202,086
Investment income gain/(loss)	1,421,744	106,220
Non-vested rollover	27,430	—
Total additions	2,494,254	1,139,094
<b>Deductions</b>		
Benefit payments	535,325	835,048
Trustee fees	15,486	14,091
Forfeitures	8,595	45,474
Total deductions	559,406	894,613
<b>Change in net position</b>	<b>1,934,848</b>	<b>244,481</b>
<b>Net position held in trust for employee's pension benefits:</b>		
Beginning of year	14,456,927	14,212,446
End of year	<b>\$ 16,391,775</b>	<b>\$ 14,456,927</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PENSION TRUST FUNDS – MONEY PURCHASE RETIREMENT PLAN #2  
STATEMENT OF PLAN NET POSITION

JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and temporary investments	<u>\$ 513,217</u>	<u>\$ 470,329</u>
<b>Net Position</b>		
Held in trust for employee’s pension benefits	<u>\$ 513,217</u>	<u>\$ 470,329</u>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PENSION TRUST FUNDS – MONEY PURCHASE RETIREMENT PLAN #2  
STATEMENT OF CHANGES IN PLAN NET POSITION

YEAR ENDED JUNE 30, 2013  
(With comparative amounts for June 30, 2012)

	2013	2012
<b>Additions</b>		
Employer contributions	\$ 11,568	\$ 10,944
Employee (member) contributions	11,568	10,944
Investment income gain/(loss)	60,752	5,969
Total additions	83,888	27,857
<b>Deductions</b>		
Benefit payments	41,000	8,000
Total deductions	41,000	8,000
<b>Change in net position</b>	<b>42,888</b>	<b>19,857</b>
<b>Net position held in trust for employee's pension benefits:</b>		
Beginning of year	470,329	450,472
End of year	\$ 513,217	\$ 470,329

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 AGENCY FUND  
 FIREMEN'S FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2013

	<u>Beginning Balance 6/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 6/30/13</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 290,193	\$ 306,113	\$ 578,630	\$ 17,676
<b>Liabilities</b>				
Due to Firemen's Association	\$ 290,193	\$ 306,113	\$ 578,630	\$ 17,676

## CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS

This schedule presents only the capital asset balances (which include land, buildings, betterments, and equipment owned by the City) related to Governmental-type funds. Accordingly, the capital assets reported in Proprietary-type funds (Enterprise and Internal Service Funds) are excluded from these amounts. Infrastructure capital assets represent actual costs of construction, and/or estimated values of deeded properties by developers.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF  
 GOVERNMENTAL FUNDS BY SOURCE

JUNE 30, 2013  
 (With comparative amounts for June 30, 2012)

	2013	2012
<b>Governmental Funds Capital Assets</b>		
Land	\$ 15,450,348	\$ 15,126,608
Land improvements	9,201,085	7,317,619
Buildings	21,387,472	21,281,987
Machinery and equipment	16,500,935	16,021,892
	62,539,840	59,748,106
Infrastructure:		
Roads	23,065,302	21,919,353
Drainage systems	19,310,047	19,310,047
Developer contributions – roads	10,245,930	10,245,930
Sidewalks	1,866,247	1,859,394
Street lighting and other	747,555	747,555
	55,235,081	54,082,279
Construction in progress	12,968,495	2,570,575
Total governmental funds capital assets	\$ 130,743,416	\$ 116,400,960
<b>Investment in Governmental Funds Capital Assets by Source</b>		
General Obligation Bonds	\$ 22,539,367	\$ 14,775,794
General Fund Revenue	90,072,883	83,472,254
Special Revenue Funds	6,704,671	6,704,671
Gifts and contributions from developers	11,426,495	11,448,241
Total investment in governmental funds capital assets	\$ 130,743,416	\$ 116,400,960

## VICTIMS' RIGHTS PROGRAM

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES  
 YEAR ENDED JUNE 30, 2013

	<b>2013</b>
<b>Court Fines and Assessments</b>	
Court fines and assessments collected	\$ 614,659
Court fines and assessments remitted to State Treasurer	(356,463)
Total court fines and assessments retained	\$ 258,196
 <b>Surcharges and Assessments Retained for Victims Service</b>	
Total surcharges collected	\$ 30,600
Total assessments	16,357
Total surcharges and assessments	\$ 46,957
 <b>Funds Allocated to Victims Service</b>	
Carryover funds from prior year	\$ 56,139
Surcharges and assessments retained	46,957
Expenditures for victims service	(72,308)
Total unexpended victims rights assistance funds	\$ 30,788

## STATISTICAL SECTION

- Financial Trend** – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. (Tables I-V)..... 118-124
- Revenue Capacity** – These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property tax revenue. (Tables VI-IX)..... 125-129
- Debt Capacity** – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. (Tables X-XIV)..... 130-133
- Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments. (Tables XV-XVII)..... 134-136
- Operating Information** – These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs. (Tables XVIII-XIX) ..... 137-138

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

NET POSITION BY COMPONENT  
(Accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$76,283,793	\$57,863,315	\$70,691,984	\$66,073,670	\$62,387,272	\$59,996,795	\$54,648,649	\$47,153,263	\$39,973,658	\$40,839,787
Restricted	6,563,965	4,570,958	4,364,806	981,627	370,247	280,938	295,569	1,063,240	1,049,601	1,098,748
Unrestricted	9,828,502	25,412,361	8,467,618	13,385,175	16,926,046	11,782,163	12,810,362	11,666,720	13,011,400	6,841,785
Total governmental activities net assets	\$92,676,260	\$87,846,634	\$83,524,408	\$80,440,472	\$79,683,565	\$72,059,896	\$67,754,580	\$59,883,223	\$54,034,659	\$48,780,320
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$74,440,569	\$74,694,365	\$75,857,900	\$74,463,999	\$73,470,864	\$70,181,520	\$66,994,082	\$60,972,531	\$56,752,917	\$54,705,351
Restricted	1,786,290	3,058,282	4,684,710	7,199,586	11,571,789	13,256,184	15,902,485	14,530,805	11,100,189	8,755,316
Unrestricted	15,396,364	13,868,758	10,303,150	8,805,767	6,347,822	7,806,643	6,774,378	6,972,508	7,726,850	8,537,750
Total business-type activities net assets	\$91,623,223	\$91,621,405	\$90,845,760	\$90,469,352	\$91,390,475	\$91,244,347	\$89,670,945	\$82,475,844	\$75,579,956	\$71,998,417
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$150,724,362	\$132,557,680	\$146,549,884	\$140,537,669	\$135,858,136	\$130,178,315	\$121,642,731	\$108,125,794	\$96,726,575	\$95,545,138
Restricted	8,350,255	7,629,240	9,049,516	8,181,213	11,942,036	13,537,122	16,198,054	15,594,045	12,149,790	9,854,064
Unrestricted	25,224,866	39,281,119	18,770,768	22,190,942	23,273,868	19,588,806	19,584,740	18,639,228	20,738,250	15,379,535
Total primary government net assets	\$184,299,483	\$179,468,039	\$174,370,168	\$170,909,824	\$171,074,040	\$163,304,243	\$157,425,525	\$142,359,067	\$129,614,615	\$120,778,737

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET POSITION  
(Accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental activities:										
General Government	\$2,514,035	\$2,207,219	\$2,441,345	\$2,130,225	\$2,271,467	\$2,088,723	(\$34,011)	\$1,161,528	\$1,459,140	\$1,548,044
Information Services	843,764	794,118	552,729	464,356	430,655	349,883	-	780,200	747,756	685,707
Finance	626,799	630,853	853,129	890,656	752,495	657,347	901,788	9,363,496	8,870,555	7,898,923
Public Safety	12,431,410	12,461,512	12,256,306	12,756,846	12,056,536	11,419,629	10,011,477	1,464,816	1,315,645	1,121,542
Planning and Development	1,628,867	1,528,413	1,574,560	1,563,628	1,507,356	1,317,488	1,473,242	1,815,327	2,736,392	2,159,477
Public Works	4,793,492	4,872,278	6,142,162	6,178,403	4,806,216	3,659,488	4,116,534	2,594,537	2,403,297	1,988,628
Parks and Recreation	4,216,638	4,574,828	4,015,757	3,415,431	3,129,329	3,259,313	2,764,956	571,110	475,183	611,112
Support Services	1,040,604	2,143,354	883,701	796,998	748,813	791,744	624,342	375,076	546,175	306,896
Debt service - interest	342,328	494,544	176,685	421,619	451,621	439,195	445,674	2,685,978	2,588,902	2,407,554
Depreciation (unallocated)	-	-	-	-	756,800	723,410	3,226,639	-	-	-
Total governmental activities	\$28,437,937	\$29,707,119	\$28,896,374	\$28,618,162	\$26,911,288	\$24,706,220	\$23,530,641	\$20,812,068	\$21,143,045	\$18,727,883
Business-type activities:										
Water and sewer utility	\$14,038,718	\$13,449,246	\$13,599,320	\$13,264,136	\$13,913,062	\$13,482,505	\$13,337,790	\$12,478,180	\$11,430,356	\$10,015,661
Solid waste	3,869,768	3,733,699	3,671,633	3,580,362	3,554,310	3,550,876	3,259,451	3,015,221	2,872,433	2,723,065
Aquatic Center	2,189,548	2,185,319	2,167,517	2,248,606	2,255,884	2,300,591	2,220,718	1,638,962	163,149	35,985
Beach Services	2,044,683	1,959,723	1,886,846	1,889,646	2,125,599	2,454,720	1,028,145	-	-	-
Total business type-activities	\$22,142,717	\$21,327,987	\$21,325,316	\$20,982,750	\$21,848,855	\$21,788,692	\$19,846,104	\$17,132,363	\$14,465,938	\$12,774,711
Total primary government expenses	\$50,580,654	\$51,035,106	\$50,221,690	\$49,600,912	\$48,760,143	\$46,494,912	\$43,376,745	\$37,944,431	\$35,608,983	\$31,502,594
<b>Program Revenue</b>										
Governmental activities:										
Fees for services	\$2,033,213	\$2,009,761	\$1,997,341	\$2,037,098	\$1,994,499	\$1,944,616	\$1,627,127	\$1,596,184	\$1,512,516	\$1,420,824
Storm Water	319,623	409,166	425,582	698,759	698,384	640,696	1,075,873	765,829	656,426	533,818
Fines	413,191	377,340	367,195	328,986	346,808	434,028	1,001,339	1,643,855	1,206,264	948,572
Building Permits	544,301	483,759	398,874	155,462	139,472	331,341	204,577	476,595	231,007	102,505
Other	284,415	1,133,814	2,919,065	1,806,030	456,982	445,707	2,099,130	61,404	154,959	1,205,168
Operating grants and contributions	623,186	2,456,082	644,989	573,294	6,303,509	1,582,531	1,125,000	587,704	2,998,980	768,155
Capital grants and contributions	\$4,217,929	\$6,869,922	\$6,753,046	\$5,599,629	\$9,939,654	\$5,378,919	\$7,133,046	\$5,131,571	\$6,760,152	\$4,979,042
Total primary government net assets										

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## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN NET POSITION  
(Accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Revenues and Transfers</b>										
Business-type activities										
Fees for services										
Water & Sewer	\$11,768,081	\$11,958,083	\$11,607,077	\$11,818,089	\$10,584,989	\$11,253,700	\$11,029,828	\$10,022,251	\$9,127,460	\$8,892,124
Solid Waste	4,057,715	3,988,980	3,996,766	3,731,954	3,787,700	3,158,258	3,152,034	2,646,757	2,600,664	2,196,194
Other	3,421,130	3,451,870	3,343,444	3,088,793	2,933,188	2,731,291	1,590,656	632,967	82,199	66,024
Operating grants and contributions	-	-	-	325,133	125,432	124,687	107,383	194,025	-	378,151
Capital grants and contributions	1,441,531	1,151,020	1,312,519	-	3,064,214	4,063,757	9,066,557	8,644,138	5,040,737	7,498,495
Total business-type activities	\$20,688,457	\$20,549,953	\$20,259,806	\$18,963,969	\$20,495,523	\$21,331,693	\$24,946,458	\$22,140,138	\$16,851,060	\$19,030,988
Total primary government program revenue	\$24,906,386	\$27,419,875	\$27,012,852	\$24,563,598	\$30,435,177	\$26,710,612	\$32,079,504	\$27,271,709	\$23,611,212	\$24,010,030
Governmental activities:										
Property taxes	\$14,362,908	\$13,953,240	\$11,773,505	\$11,168,009	\$11,070,906	\$9,663,938	\$8,569,450	\$7,440,462	\$6,883,489	\$6,453,278
Accommodations and hospitality taxes	7,757,661	7,161,692	6,857,636	6,226,860	6,231,622	6,907,921	6,670,715	6,246,427	5,446,357	3,180,602
State shared taxes - unrestricted	943,614	920,270	745,289	789,170	1,134,677	883,306	820,197	955,045	891,991	2,452,909
Business licenses and franchise taxes	7,087,839	6,511,619	6,444,326	6,278,270	6,758,690	6,934,321	8,190,225	7,234,776	6,186,665	4,928,605
Unrestricted investment earnings	23,601	37,589	13,260	239,601	352,529	398,535	893,930	676,842	901,987	817,312
Miscellaneous	55,253	(260,745)	476,406	26,744	88,097	55,774	95,149	(65,101)	34,804	208,987
Transfers in/(out)	(1,181,242)	(1,164,242)	(1,083,158)	(953,214)	(1,041,218)	(1,211,178)	(970,714)	(959,390)	(708,061)	(357,794)
Total governmental activities	\$29,049,634	\$27,159,423	\$25,227,264	\$23,775,440	\$24,595,303	\$23,632,617	\$24,268,952	\$21,529,061	\$19,637,232	\$17,683,899
Business-type activities:										
Unrestricted investment earnings	\$58,506	\$86,779	\$140,633	\$144,444	\$265,690	\$819,223	\$1,124,033	\$928,723	\$327,142	\$201,315
Miscellaneous	216,330	302,658	218,127	-	192,552	-	-	-	161,214	152,659
Transfers in/(out)	1,181,242	1,164,242	1,083,158	953,214	1,041,218	1,211,178	970,714	959,390	708,061	357,794
Total business type-activities	\$1,456,078	\$1,553,679	\$1,441,918	\$1,097,658	\$1,499,460	\$2,030,401	\$2,094,747	\$1,888,113	\$1,196,417	\$711,768
Total primary government general revenue and other changes	\$30,505,712	\$28,713,102	\$26,669,182	\$24,873,098	\$26,094,763	\$25,663,018	\$26,363,699	\$23,417,174	\$20,833,649	\$18,395,667
<b>Changes in Net Assets</b>										
Governmental activities:										
Business-type activities	\$4,829,626	\$4,322,226	\$3,083,936	\$756,907	\$7,623,669	\$4,305,316	\$7,871,357	\$5,848,564	\$5,254,339	\$3,935,058
Total primary government changes in net assets	1,818	775,645	376,408	(921,123)	146,128	1,573,402	7,195,101	6,895,888	3,581,539	6,968,045
Total primary government changes in net assets	\$4,831,444	\$5,097,871	\$3,460,344	(\$164,216)	\$7,769,797	\$5,878,718	\$15,066,458	\$12,744,452	\$8,835,878	\$10,903,103

TABLE III

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## PROGRAM REVENUE BY COMPONENT

(Accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Function/Program</b>										
<b>Governmental Activities:</b>										
General Government	\$ 474,149	\$ 1,293,313	\$ 9,697	\$ 9,299	\$ 43,910	\$ 12,965	\$ 143,588	\$ 31,045	\$ 14,050	\$ 12,641
Information Services	-	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	-
Public Safety	599,540	955,610	1,030,879	1,222,163	698,384	878,357	1,075,873	765,829	674,464	563,149
Planning and Development	413,191	377,340	367,195	328,986	346,808	434,028	-	-	1,206,264	948,572
Public Works	2,443,470	3,949,750	5,034,917	3,843,128	5,673,008	3,741,744	5,845,576	2,473,145	4,744,984	3,323,816
Parks and Recreation	287,579	293,909	310,358	196,053	3,177,544	311,825	68,009	217,697	95,590	130,864
Support Services	-	-	-	-	-	-	-	-	24,800	-
Debt service - interest	-	-	-	-	-	-	-	-	-	-
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 4,217,929</b>	<b>\$ 6,869,922</b>	<b>\$ 6,753,046</b>	<b>\$ 5,599,629</b>	<b>\$ 9,939,654</b>	<b>\$ 5,378,919</b>	<b>\$ 7,133,046</b>	<b>\$ 3,487,716</b>	<b>\$ 6,760,152</b>	<b>\$ 4,979,042</b>
<b>Business-type activities</b>										
Water and sewer utility	\$ 13,209,612	\$ 13,109,103	\$ 12,908,796	\$ 12,071,586	\$ 13,652,598	\$ 15,317,457	\$ 20,113,885	\$ 18,427,204	\$ 14,060,107	\$ 16,390,619
Solid waste	4,057,715	3,988,980	3,996,766	3,731,954	3,787,700	3,193,605	3,156,118	2,708,009	2,600,664	2,196,194
Aquatic Center	1,868,460	1,822,158	1,747,843	1,690,487	1,642,446	1,457,777	1,296,920	1,004,925	190,289	444,175
Beach Services	1,552,670	1,629,712	1,606,401	1,469,942	1,412,779	1,362,854	379,535	-	-	-
<b>Total business-type activities</b>	<b>\$ 20,688,457</b>	<b>\$ 20,549,953</b>	<b>\$ 20,259,806</b>	<b>\$ 18,963,969</b>	<b>\$ 20,495,523</b>	<b>\$ 21,331,693</b>	<b>\$ 24,946,458</b>	<b>\$ 22,140,138</b>	<b>\$ 16,851,060</b>	<b>\$ 19,030,988</b>
<b>Total program revenues by function and program</b>	<b>\$ 24,906,386</b>	<b>\$ 27,419,875</b>	<b>\$ 27,012,852</b>	<b>\$ 24,563,598</b>	<b>\$ 30,435,177</b>	<b>\$ 26,710,612</b>	<b>\$ 32,079,504</b>	<b>\$ 25,627,854</b>	<b>\$ 23,611,212</b>	<b>\$ 24,010,030</b>

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
FUND BALANCES - GOVERNMENTAL FUNDS

(Modified accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Fund</b>										
Non-spendable	\$ 250,073	\$ 274,416	\$ 432,554	\$ 190,024						
Restricted by Others	464,401	508,682	501,116	968,830						
Committed by Ordinance	392,500	392,500	392,500	392,500						
Assigned by Management	-	-	-	-						
Unassigned	10,860,908	10,117,180	8,756,419	7,733,570						
<b>Total General Fund</b>	<b>\$ 11,967,882</b>	<b>\$ 11,292,778</b>	<b>\$ 10,082,589</b>	<b>\$ 9,284,924</b>	<b>\$ 9,752,787</b>	<b>\$ 9,690,476</b>	<b>\$ 11,510,840</b>	<b>\$ 13,181,507</b>	<b>\$ 10,412,103</b>	<b>\$ 8,840,672</b>
<b>Stormwater Fund</b>										
Restricted by Others	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000						
Committed by Ordinance	2,323,528	2,237,295	2,142,295	1,672,751						
Assigned by Management	1,001,089	86,233	95,000	-						
<b>Total Stormwater Fund</b>	<b>\$ 6,324,617</b>	<b>\$ 5,323,528</b>	<b>\$ 5,237,295</b>	<b>\$ 4,672,751</b>						
<b>Park Development Fund</b>										
Assigned by Management	\$ 2,094,163	\$ 13,138,091	\$ -	\$ -						
Unassigned	2,597,021	-	(2,285,866)	1,434,312						
<b>Total Park Development Fund</b>	<b>\$ 4,691,184</b>	<b>\$ 13,138,091</b>	<b>\$ (2,285,866)</b>	<b>\$ 1,434,312</b>						
<b>All Other Governmental Funds</b>										
Restricted by Others	\$ 696,452	\$ 964,070	\$ 863,690	\$ 779,094						
Committed by Ordinance	534,332	236,402	-	347,933						
Assigned by Management	2,082,001	3,080,256	2,219,111	656,816						
Unassigned	-	-	-	-						
<b>Total All Other Governmental Funds</b>	<b>\$ 3,312,785</b>	<b>\$ 4,280,728</b>	<b>\$ 3,082,801</b>	<b>\$ 1,783,843</b>	<b>\$ 8,882,846</b>	<b>\$ 2,895,137</b>	<b>\$ 2,166,042</b>	<b>\$ 1,481,041</b>	<b>\$ 1,570,761</b>	<b>(\$ 289,553)</b>
<b>Total Governmental Funds</b>	<b>\$ 26,296,468</b>	<b>\$ 34,035,125</b>	<b>\$ 16,116,819</b>	<b>\$ 17,175,830</b>	<b>\$ 18,635,633</b>	<b>\$ 12,585,613</b>	<b>\$ 13,676,882</b>	<b>\$ 14,662,548</b>	<b>\$ 11,982,864</b>	<b>\$ 8,551,119</b>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$ 150,724,362	\$ 132,557,680	\$ 146,549,884	\$ 140,537,669	\$ 135,858,136	\$ 130,178,315	\$ 121,642,731	\$ 108,125,794	\$ 96,726,575	\$ 95,545,138
Restricted	8,350,255	7,629,240	9,049,516	8,181,213	11,942,036	13,537,122	16,198,054	15,594,045	12,149,790	9,854,064
Unrestricted	25,224,866	39,281,119	18,770,768	22,190,942	23,273,868	19,588,806	19,584,740	18,639,228	20,738,250	15,379,535
<b>Total primary government net position</b>	<b>\$ 184,299,483</b>	<b>\$ 179,468,039</b>	<b>\$ 174,370,168</b>	<b>\$ 170,909,824</b>	<b>\$ 171,074,040</b>	<b>\$ 163,304,243</b>	<b>\$ 157,425,525</b>	<b>\$ 142,359,067</b>	<b>\$ 129,614,615</b>	<b>\$ 120,778,737</b>

Note: The City did not previously prepare this schedule to this level of detail and chooses to implement such data prospective of implementing GASB Statement 54. Only totals readily available are shown for the years prior to categorizing Fund Balances at the new level of detail required.

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES  
(Modified accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenue</b>										
Property taxes:										
Current property taxes	\$ 13,547,856	\$ 13,660,745	\$ 11,684,571	\$ 10,822,314	\$ 10,903,564	\$ 9,337,950	\$ 8,312,388	\$ 7,504,632	\$ 6,634,370	\$ 6,374,997
Delinquent property taxes	815,052	292,495	201,185	504,785	167,342	166,898	173,607	145,756	39,194	78,281
Licenses and permits	7,500,430	6,888,599	6,811,281	6,607,116	7,105,498	7,368,349	9,208,744	8,878,631	7,392,929	8,940,899
Fines and forfeitures	319,623	409,166	425,582	591,575	594,020	498,923	946,703	667,589	559,298	443,370
Use of money and property	218,102	199,597	264,265	239,601	352,529	573,178	893,930	745,955	901,987	182,466
Unrestricted intergovernmental	943,614	920,270	889,898	925,511	1,134,667	1,040,789	970,104	955,045	891,991	820,928
Restricted intergovernmental	8,380,847	9,617,774	10,277,081	8,469,843	11,632,473	7,785,775	8,619,938	6,895,535	6,908,439	3,722,184
Sales and service charges	2,444,922	2,384,764	2,308,951	2,299,864	2,290,562	2,243,087	1,986,791	2,101,906	3,512,184	1,730,383
Miscellaneous	284,415	1,123,814	312,904	30,346	1,405,218	220,687	1,177,052	13,474	29,128	18,999
<b>Total revenue</b>	<b>\$ 34,454,861</b>	<b>\$ 35,497,224</b>	<b>\$ 33,175,718</b>	<b>\$ 30,490,955</b>	<b>\$ 35,585,873</b>	<b>\$ 29,235,636</b>	<b>\$ 32,289,257</b>	<b>\$ 27,908,523</b>	<b>\$ 26,869,520</b>	<b>\$ 22,312,507</b>
<b>Expenditures</b>										
Current:										
General Government/Admin.	\$ 2,111,814	\$ 2,065,118	\$ 2,195,564	\$ 2,444,816	\$ 2,174,015	\$ 1,953,423	\$ (66,549)	\$ 1,031,253	\$ 1,459,140	\$ 1,548,044
Finance	786,086	783,125	777,367	717,716	649,999	541,807	901,788	780,200	747,756	685,707
Information Services	478,024	496,118	443,719	328,899	348,220	349,883				
Public Safety	11,619,810	11,652,613	11,557,464	10,910,010	10,754,799	10,694,089	10,011,477	9,363,496	8,870,555	7,898,923
Planning and Development	1,536,643	1,506,101	1,500,942	1,453,280	1,413,520	1,282,207	1,473,242	1,464,816	1,315,645	1,121,542
Public Works	2,169,208	3,395,130	4,544,221	6,633,499	7,036,796	4,671,751	7,023,921	5,899,802	9,237,747	7,756,124
Parks and Recreation	4,072,781	4,453,727	8,613,758	3,802,272	6,673,148	3,193,185	2,764,956	2,594,537	2,403,297	1,988,628
Support Services	1,001,090	829,777	871,037	667,499	656,093	765,972	624,342	571,110	475,183	449,463
Debt service:										
Principal	2,499,824	3,446,423	2,131,238	2,652,808	2,129,899	2,020,987	1,947,568	1,934,661	1,913,040	1,037,000
Interest	656,142	506,985	262,740	366,663	291,231	380,323	463,741	438,980	578,583	306,896
Capital outlay	14,080,854	3,775,940	253,521	907,831	1,540,672	3,262,100	7,879,003	3,849,922	782,834	667,157
<b>Total expenditures</b>	<b>\$ 41,012,276</b>	<b>\$ 32,911,057</b>	<b>\$ 33,151,571</b>	<b>\$ 30,885,293</b>	<b>\$ 33,668,392</b>	<b>\$ 29,115,727</b>	<b>\$ 33,023,489</b>	<b>\$ 27,928,777</b>	<b>\$ 27,783,780</b>	<b>\$ 23,459,484</b>

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CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

CHANGES IN FUND BALANCES  
(Modified accrual basis of accounting)  
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Other Financing Sources (Uses)</b>										
Bond Issuance	\$ -	\$ 16,496,381	\$ -	\$ -	\$ 5,100,000	\$ -	\$ -	\$ 1,975,000	\$ 8,000,000	\$ -
Payment to refunded bond escrow agent										
Transfers in	9,223,278	8,570,421	7,936,960	7,366,530	8,054,681	7,973,028	7,389,392	5,909,338	5,497,829	1,240,194
Transfers (out)	(10,404,520)	(9,734,663)	(9,020,118)	(8,319,744)	(9,095,998)	(9,184,206)	(8,360,106)	(6,868,728)	(6,748,216)	(1,407,440)
Total other financing sources (uses)	\$ (1,181,242)	\$ 15,332,139	\$ (1,083,158)	\$ (953,214)	\$ 4,058,683	\$ (1,211,178)	\$ (970,714)	\$ 1,015,610	\$ 6,749,613	\$ (167,246)
Net change in fund balances	\$ (7,738,657)	\$ 17,918,306	\$ (1,059,011)	\$ (1,347,552)	\$ 5,976,164	\$ (1,091,269)	\$ (1,704,946)	\$ 995,356	\$ 5,835,353	\$ (1,314,223)
Fund balances, beginning of year	34,035,125	16,116,819	17,175,830	18,523,382	12,659,469	13,676,882	15,381,828	14,386,472	8,551,119	9,865,342
Fund balances, end of year	\$ 26,296,468	\$ 34,035,125	\$ 16,116,819	\$ 17,175,830	\$ 18,635,633	\$ 12,585,613	\$ 13,676,882	\$ 15,381,828	\$ 14,386,472	\$ 8,551,119

Ratio of Debt Service to General  
Government Expenditures  
including Capital Outlay

8.34%	13.65%	7.78%	10.84%	7.75%	8.99%	7.88%	9.29%	9.85%	6.08%
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TABLE VI

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real and Personal Property</u>			<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Estimated Actual Value</u>
	<u>Real Estate</u>	<u>Personal</u>	<u>Less: Tax-Exempt</u>				
2004	164,149,623	22,657,095	2,866,074	183,940,644	0.0357	3,015,420,000	6.1
2005	167,743,316	24,534,360	2,867,679	189,409,997	0.0357	3,139,826,000	6.0
2006	216,193,479	46,475,103	2,933,728	259,734,854 <sup>(1)</sup>	0.0305	4,248,137,000	6.1
2007	247,958,690	34,691,790	3,652,346	278,998,134	0.0305	4,699,320,592	5.9
2008	283,695,735	25,394,013	2,927,453	306,162,295	0.0305	5,198,001,614	6.0
2009	329,532,557	28,473,021	3,183,502	354,822,076	0.0322	5,913,000,000	6.0
2010	327,848,164	27,883,552	3,175,101	352,556,615	0.0322	5,875,944,000	6.0
2011	351,371,679	30,443,376	3,317,086	378,497,969	0.0320	6,308,000,000	6.0
2012	352,718,128	30,544,440	3,322,000	379,940,568	0.0380	6,337,624,000	6.0
2013	343,042,000	43,177,328	3,325,000	382,894,328	0.0380	6,435,200,000	6.0

<sup>(1)</sup> Reassessment performed by Horry County.

Note: 1 mil is equal to \$369,708 in property tax billings.

TABLE VII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

(rate per \$1,000 of assessed value)

<u>Fiscal Year</u>	<u>City Millage</u>	<u>County Millage</u>	<u>School District Millage</u>	<u>Higher Education Commission Millage</u>	<u>Total Millage</u>
2004	35.7	51.0	130.0	0.7	217.4
2005	35.7	50.9	130.4	0.7	217.7
2006	30.5	52.0	129.7	0.7	212.9
2007	30.5	46.6	143.3	0.7	221.1
2008	30.5	46.6	143.3	0.7	221.1
2009	32.2	46.6	143.3	0.7	222.8
2010	32.2	47.3	143.3	0.7	223.5
2011	32.0	44.2	132.2	0.7	209.1
2012	38.0	44.5	130.2	0.7	213.4
2013	38.0	44.5	130.2	0.7	213.4

Note 1: Each mil for North Myrtle Beach is equal to \$369,708 in property taxes.

Note 2: Millage is expressed in thousands when used in Table VI.

TABLE VIII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 PRINCIPAL PROPERTY TAXPAYERS  
 YEARS 2012 AND 2003

		2013			2004		
		Percentage of Total			Percentage of Total		
TAXPAYER	TYPE OF BUSINESS	ASSESSMENTS	Assessed Value	RANK	ASSESSMENTS	RANK	Assessed Value
100 North Beach Blvd. LLC	Residential Development	4,760,737	1.24%	1	739,464	9	0.40%
Lawyers Title Insurance Corp	Condominium	2,540,646	0.66%	2			
Fairfield Resorts, Inc.	Multi-Family Residential	2,161,746	0.56%	3			
The Gator Hole Development	Commercial - Retail	2,043,498	0.53%	4			
Lakeside Festival Shopping	Commercial - Retail	2,033,436	0.53%	5			
Bluegreen Vacations Unlimited Inc.	Commercial - Retail	177,826	0.05%	6			
Wyndham Vacation Resorts Inc.	Condos	1,595,808	0.42%	7			
Towers on the Grove	Condos	1,362,180	0.36%	8			
BRGC, LLC	Golf Courses	1,078,526	0.28%	9			
Frontier Communications	Telecommunications	947,170	0.25%	10			
Lawyers Title Insurance Corp	Residential Development	866,820	0.23%	11			
Worley, Harold G.	Commercial	865,754	0.23%	12	753,042	8	0.41%
Centex Homes	Residential Development	777,100	0.20%	13	1,079,016	4	0.59%
ETW Development Co. LLC	Residential Development	752,400	0.20%	14			
Barefoot Retail Partners I LLC	Commercial	729,050	0.19%	15			
Ocean Keys Development LLC	Condos	724,824	0.19%	16			
Peppertree Resorts, LTD	Condos	686,760	0.18%	17	405,612	19	0.22%
Rosen Surfwood, LLC	Commercial	653,676	0.17%	18			
Oprock Myrtle Fee, LLC	Hotel/Motel	510,000	0.13%	19			
Barefoot Commons, LLC	Retail	503,982	0.13%	20			
Patten Resorts	Condos				2,054,640	1	1.12%
Barefoot Properties II LTD	Commercial				1,559,340	2	0.85%
Silver Carolina Development	Residential / Dye Estates				1,532,700	3	0.83%
Defender Development Group	Multi-Family Residential				1,055,580	5	0.57%
Barefoot Private Golf Club, LLC	Golf Course				1,027,338	6	0.56%
Barefoot Landing, Inc.	Commercial				827,022	7	0.45%
LLL Partnership	Condos				677,892	9	0.37%
Southern Land & Golf	Golf Course & Develop.				644,794	10	0.35%
		\$25,771,939	6.73%		\$12,356,440		6.72%

TABLE IX

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Estate Levy	Amount	Percentage of Levy	Collections in Subsequent Years	Collections Amount	Percentage of Levy
2004	6,374,997	6,183,313	97.0%	91,597	6,274,910	98.4%
2005	6,634,370	6,469,365	97.5%	100,594	6,569,959	99.0%
2006	7,921,913 <sup>1</sup>	7,732,578	97.6%	91,305	7,823,883	98.8%
2007	8,509,423	8,312,388	97.7%	69,901	8,382,289	98.5%
2008	9,580,573	9,337,950	97.5%	70,149	9,408,099	98.2%
2009	11,425,271 <sup>2</sup>	10,903,564	95.4%	66,459	10,970,023	96.0%
2010	11,352,323	10,822,314	95.3%	28,080	10,850,394	95.6%
2011	12,111,935 <sup>3</sup>	11,684,571	96.5%	69,641	11,754,212	97.0%
2012	14,311,506 <sup>4</sup>	13,622,325	95.2%	203,718	13,826,043	96.6%
2013	14,048,920	13,547,855	96.4%	0	13,547,855	96.4%

(1) Millage rate reduced to 30.5 from 35.7.

(2) Millage rate increased to 32.2 from 30.5.

(3) Millage rate reduced to 32.0 from 32.2.

(4) Millage rate increased to 38.0 from 32.0 to cover debt on 2012 Park Improvement Bonds.

TABLE X

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 RATIOS OF OUTSTANDING LONG-TERM DEBT BY TYPE  
 LAST TEN FISCAL YEARS

Fiscal Year	General Activities			Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Lease and Storm Water Revenue Bonds	Water and Sewer System Revenue Bonds	Sewer Contracts Payable	Aquatic Center Enterprise Fund						
2004	5,449,000	-	1,170,000	14,135,000	8,600,000			29,652,560	8.25%	2,495	
2005	4,378,000	8,000,000	950,000	13,418,333	8,314,181			35,531,404	9.41%	2,928	
2006	3,254,000	9,089,239	725,000	12,790,000	8,016,643			34,386,339	8.67%	2,776	
2007	2,588,000	6,951,749	490,000	12,131,666	7,706,906			30,502,024	7.32%	2,412	
2008	1,895,000	4,467,410	255,000	11,433,333	7,384,471			25,435,214	5.81%	1,970	
2009	6,248,000	3,478,866	-	10,695,000	7,048,815			27,470,681	5.97%	2,084	
2010	5,031,424	2,452,794	-	9,920,000	6,699,397			24,103,615	4.99%	1,791	
2011	4,392,518	1,386,958	-	9,110,000	6,335,653			21,225,129	4.18%	1,545	
2012	17,052,815	280,238	-	8,253,333	5,846,327			31,432,713	5.90%	2,241	
2013	14,833,832	-	-	7,348,333	5,454,779			27,636,944	4.94%	1,930	

<sup>(1)</sup> See "Demographic and Economic Statistics" Table XVI for personal income and per capita data.

TABLE XI

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total General Bonded Indebtedness</u>	<u>Percentage of Assessed Value of Taxable Property</u>	<u>Per Capita</u>
2004	5,449,000	2.96%	458.44
2005	4,378,000	2.31%	360.77
2006	3,254,000	1.25%	262.65
2007	2,588,000	0.93%	204.62
2008	1,895,000	0.62%	146.76
2009	6,248,000 <sup>(1)</sup>	1.76%	473.98
2010	5,031,424	1.43%	373.86
2011	4,392,518	1.16%	319.69
2012	17,052,815 <sup>(2)</sup>	4.49%	1,215.63
2013	14,833,832	3.87%	1,035.74

<sup>(1)</sup> Includes the 2009 General Obligation Road Improvement Bond in the amount of \$5,100,000.

<sup>(2)</sup> Includes the 2012 General Obligation Park Improvement Bond in the amount of \$15,000,000.

TABLE XII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

TOTAL DIRECT AND OVERLAPPING DEBT

JUNE 30, 2013

<u>Jurisdiction</u>	<u>Assessed Value</u>	<u>General Bonded Debt Outstanding</u>		
		<u>General Obligation &amp; Revenue Bond Principal Outstanding</u> <sup>(1)</sup>	<u>Percentage Applicable to the City of North Myrtle Beach</u>	<u>Amount Applicable to the City of Outstanding</u> <sup>(2)</sup>
City of North Myrtle Beach	\$ 382,894,328	14,833,832	100.00%	14,833,832
Sub-Total Direct Debt		\$ 14,833,832		\$ 14,833,832
Horry County	2,053,052,700	99,713,373	18.65%	18,596,544
Horry County School District	2,053,052,700	357,575,000	18.65%	66,687,738
Sub-Total Overlapping Debt		\$ 457,288,373		\$ 85,284,282
Grand Total Direct & Overlapping Debt		\$ 472,122,205		\$ 100,118,114

<sup>(1)</sup> Data for overlapping jurisdictions was provided by the Horry County Finance Department.

<sup>(2)</sup> The percentage of General Obligation Bond principal debt applicable to the City of North Myrtle Beach is based on the percentage of assessed valuation of property located in the City.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS  
(in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Total Assessed Valuation</b>	\$382,894	\$379,941	\$378,498	\$352,557	\$354,822	\$306,162	\$278,998	\$359,735	\$189,410	\$183,941
Maximum General Obligation Obligation Debt limited to 8% of total assessed valuation <sup>(1)</sup>	30,632	30,395	30,280	28,205	28,386	24,493	22,320	20,779	15,153	14,715
Outstanding bonds chargeable to bond limit <sup>(2)</sup>	<u>14,834</u>	<u>15,510</u>	<u>4,393</u>	<u>5,031</u>	<u>6,248</u>	<u>1,895</u>	<u>2,588</u>	<u>3,254</u>	<u>4,378</u>	<u>5,449</u>
Legal debt margin	<u>\$ 15,798</u>	<u>\$ 14,885</u>	<u>\$ 25,887</u>	<u>\$ 23,174</u>	<u>\$ 22,138</u>	<u>\$ 22,598</u>	<u>\$ 19,732</u>	<u>\$ 17,525</u>	<u>\$ 10,775</u>	<u>\$ 9,266</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>48.4%</u>	<u>51.0%</u>	<u>14.5%</u>	<u>17.8%</u>	<u>22.0%</u>	<u>7.7%</u>	<u>11.6%</u>	<u>15.7%</u>	<u>28.9%</u>	<u>37.0%</u>

<sup>(1)</sup> Article 10, Section 14.7 of the South Carolina Constitution limits general obligation debt to 8% of the assessed value of all taxable property.

<sup>(2)</sup> Includes only General Obligation Bonds.

TABLE XIV

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 PLEDGED REVENUE - REVENUE BOND COVERAGE WATER AND SEWER  
 ENTERPRISE FUND AND STORM WATER DRAINAGE FUND  
 LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue <sup>(1)</sup>	Operating and Maintenance Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Total Debt Service Requirements <sup>(3)</sup>		Debt Service Coverage	
				Principal	Interest		
2004	9,335,124	6,625,984	2,709,140	953,333	795,528	1,748,861	155%
2005	10,027,816	7,632,393	2,395,423	936,667	805,100	1,741,767	138%
2006	11,730,817	8,606,218	3,124,599	853,040	314,604	1,167,644	137%
2007	12,335,826	9,205,793	2,930,431	893,333	700,241	1,553,574	201%
2008	12,335,826	9,298,912	3,036,914	933,333	556,518	1,489,851	204%
2009	12,337,086	9,578,845	2,758,241	993,333	188,277	1,140,000	170%
2010	13,310,978	9,736,224	3,574,754	775,000	618,037	1,611,370	171%
2011	13,304,028	10,100,338	3,203,690	1,026,073	113,927	1,140,000	138%
2012	13,309,589	9,933,637	3,375,952	856,667	526,450	1,338,567	252%
2013	13,134,727	10,600,585	2,534,142	905,000	434,783	1,339,783	189%
	2,033,213	287,046	1,746,167	279,741	1,689	281,430	620%

<sup>(1)</sup> Includes total revenues and Impact Fees to cover bond principal and fee studies recorded as operating expenses for the respective Fiscal Year.

<sup>(2)</sup> Operating and Maintenance expenses exclude Depreciation and Interest.

<sup>(3)</sup> Added Stormwater Bonds in 2005.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

PROPERTY VALUES AND CONSTRUCTION  
LAST TEN FISCAL YEARS

Fiscal Year Ended <u>June 30</u>	Total Estimated Actual Value Amounts in '000's <sup>(1)</sup>	Single Family Units <sup>(2)</sup>		Multi- Family Construction		Units	Commercial Construction		Total Construction
		Units	Construction	Units	Construction		Construction	Construction	
2004	3,015,420	278	48,538,234	1335	168,263,252	27	18,750,793	235,552,279	
2005	3,139,826	334	52,556,053	1498	164,932,445	120	15,983,819	233,472,317	
2006	4,248,137 <sup>(3)</sup>	317	82,308,395	1190	220,231,483	488	73,666,454	376,206,332	
2007	4,699,320	201	57,374,305	730	159,950,167	14	24,101,710	241,426,182	
2008	5,198,002	125	36,424,451	12	2,105,249	18	12,943,211	51,472,911	
2009	5,913,701	115	29,849,672	11	9,828,033	4	4,069,068	43,746,773	
2010	5,875,944	128	59,769,116	12	11,280,593	8	4,910,767	45,960,476	
2011	6,308,000	144	33,999,105	59	7,740,133	5	1,764,856	43,504,094	
2012	6,337,624	151	36,051,450	14	9,496,162	10	4,364,688	49,912,300	
2013	6,435,200	181	47,217,835	18	12,818,173	3	1,049,445	61,085,453	

<sup>(1)</sup> Estimated actual value - Horry County Assessment Office.

<sup>(2)</sup> Construction valuation and number of units - Planning Department, City of North Myrtle Beach.

<sup>(3)</sup> Horry County reassessment.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Total Personal Income (amounts in thousands)</u>	<u>Per Capita Personal Income <sup>(1)</sup></u>	<u>Horry County Unemployment Rate <sup>(2)</sup></u>
2004	11,886	359,588	30,253	5.2%
2005	12,135	377,711	31,126	4.8%
2006	12,389	396,748	32,024	4.7%
2007	12,648	416,744	32,949	4.3%
2008	12,912	437,748	33,902	5.6%
2009	13,182	459,999	34,896	12.1%
2010	13,458	483,183	35,903	10.3%
2011	13,740	507,535	36,939	10.5%
2012	14,028	533,115	38,004	10.1%
2013	14,322	559,984	39,100	9.0%

2009			
<u>Horry County</u>		<u>North Myrtle Beach</u>	
<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
8,000	7.5%	425	5.4%
6,989	6.5%	286	3.6%
14,009	13.1%	993	12.6%
14,155	13.3%	860	10.9%
18,692	17.5%	1,359	17.2%
20,613	19.3%	1,640	20.8%
11,511	10.8%	878	11.1%
8,173	7.7%	923	11.7%
2,230	2.1%	352	4.5%
2,361	2.2%	172	2.2%
<b>Totals</b>	<b>106,733</b>	<b>7,888</b>	<b>100.0%</b>

Median Household Income: \$42,642  
 Per Capita Income: \$24,790  
 Average Household Size: 2.31

NOTE: North Myrtle Beach population figures for 2003 through 2012 are calculated using the previous year's growth rate due to the fact that no published figures are available for these years.

<sup>(1)</sup> Based on 2010 Census.

<sup>(2)</sup> County information per S.C. Employment Security Commission.

TABLE XVII

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
PRINCIPAL EMPLOYERS

<u>Largest Employers in NMB - 2013 and 2006</u>		
<u>Rank</u>	<u>Employer</u>	<u>2013 # of Employees</u>
1	Wyndam Sales & Marketing	666
2	City of North Myrtle Beach	599
3	Wal-Mart	394
4	House of Blues	275
5	Boulineau's Inc.	245
6	Avista	223
7	Lowes	165
8	Bi-Lo (2 stores)	154
9	Cracker Barrel	150
10	Beach Cove	133
11	Barefoot Resort Golf	122
12	Baywatch Resort	120
13	Dick's Last Resort	110
14	Alabama Theatre	98
15	Olive Garden	95
16	Home Depot	95
17	Carrabba's	95
18	Greg Norman's Australian Grill	85
19	T-Bonz	78
20	Flying Fish Grill	70
		<u>2006 # of Employees</u>
		300
		403
		160
		250
		100
		115
		100
		100
		109

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing the changes to the statistical section.

\* Statistical information on total number of people employed in North Myrtle Beach is unavailable.

Source: North Myrtle Beach Revenue Division

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA  
 FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

Employees by Function/Program	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Governmental Activities:</u>										
General Government										
Legislative	8	8	8	8	8	8	8	8	8	8
Administrative	11	12	14	14	14	14	14	11	10.5	10.5
City Court	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5	5	4
Information Services	6	6	6	6	6	6	6	5	5	4
Finance										
Accounting/Revenue	12	12	12	12	12	12	10	9.5	9.5	9.5
Public Safety										
Administration	12	12	10	10	12	12	11	11	12	12
Detectives	10	10	9.5	9.5	9.5	10.5	10.5	10.5	10.5	9.5
Public Safety & Fire Officials	141	141	144	144	141	132	129	125.5	118.5	113.5
Planning & Community Development										
Administration	10	10	10	10	10	10	10	10	10	9
Inspection Services	9	9	9	9	11	11	11	9	7	7
Public Works										
Streets / Drainage	19	19	19	19	19	19	18	18	17	17
Parks and Recreation										
Parks & Grounds	16.75	15.25	13	13	13	13	12	11	10.5	10.5
Other Recreation Activities	9.75	9	8.8	7	7	7	6.5	6.5	6.5	6.5
Support Services										
Purchasing	4	6	7	7	7	7	7	7	6	6
Fleet Maintenance	6	6	6	6	6	6	5	5	5	5
Custodial & Facility Maintenance	9	8	8	5	5	5	4	4	4	4
<u>Business-type Activities:</u>										
Parks and Recreation										
Aquatic & Fitness Center	24.6	25	24	26.6	27.6	25.5	27	22	-	-
Beach Services	49	49	41.1	44.5	48	57.8	14	-	-	-
Water & Sewer Utility										
Administration	12	12	12.75	12.75	12.75	12.75	12	12	12	12
Wastewater Treatment	6	6	6	6	6	6	6	6	6	5
Wells/Lifts Maintenance	9	9	9	9	9	9	9	9	9	9
Construction Maintenance	19	19	19	19	21	19	19	17	17	17
Solid Waste Utility										
Administration	4	4	4.25	4.25	4.25	4.25	4	4	4	4
Sanitation Services	<u>29</u>	<u>26</u>	<u>25</u>	<u>25</u>						
GRAND TOTALS	<u>441.6</u>	<u>441.8</u>	<u>434.9</u>	<u>436.1</u>	<u>443.6</u>	<u>441.3</u>	<u>387.5</u>	<u>352</u>	<u>318</u>	<u>308</u>

## TABLE XIX

## CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

## MISCELLANEOUS STATISTICAL DATA

June 30, 2013

Date of Incorporation	May 7, 1968
Form of Government	Council/Manager
Area - Square Miles	19
Miles of Shoreline on the Atlantic Ocean	9

WATER & SEWER SYSTEM

Number of Customer Billings for FY 2013	153,047
Daily Pumping Capacity - Gallons	13,200,000
Greatest Pumpage for a Single Day	8,750,000
Maximum Filtration Plant Capacity Per Day - Gallons	14,200,000
Maximum Wells Capacity Per Day - Gallons	2,000,000
Maximum Wastewater Capacity	10,400,000
Greatest Wastewater Treatment Day	8,020,000

PUBLIC SAFETY

Number of Stations	5
Annual Police Calls	30,578
Annual Fire Calls	3,983
Traffic Stops	4,560
Arrests	1,810

BUILDING

Permits Issued	2,490
Estimated Cost of Construction	\$93,134,315
Inspections	9,712

SOLID WASTE

Garbage - Tons	11,602
Construction Debris - Tons	716
Yard Waste - Tons	4,764
Recycling - Tons	1,627

AQUATIC & FITNESS CENTER

Member Packages	2,305
Members	4,042

BEACH SERVICES

Lifeguard Stands	54
Rental Boxes	48
Mobile Carts	16